EUROPE'S BUSINESS NEWSPAPER

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World News

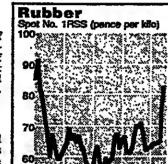
ges

Syria, Iran agree to end second major conflict in south Beirut 757 aircraft

Syria and Iran have at last agreed on the intervention by a joint Lebanese-Syrian disengage-ment and observation force to halt 20 days of bitter and hioody conflict between the rival Mos-lem Shia factions, Amai and Hiz-bollah, to the southern enhance bollab, to the southern suburbs

Brigadier Ghazi Kanaan, Syrtan chief of military intelligence, escaped unharmed when Hizbolish gunnen attacked his convoy. White police to hang

RUBBER continued its recent gains in London, where the spot price per kilo gained 1p to close at 82p. Fears that the market was Two white South African policemen were sentenced to hang in Johannesburg for the murder of a black youth, who was beaten and



US move on Noriega US diplomats began a round of asultations with Latin American governments in search of new options for bringing about the departure of General Manuel Antonio Noriega from Panama.

Pretoria bomb blasts Four white women were injured when two bombs rocked streets packed with shoppers in the South African capital Pretoria. President P.W. Botha's National Party celebrated 40 years in power ANC talks, Page 6

Pressure on Seoul Brushing aside the wave of anti-American protests in South Korea, the US stepped up pressure on the Seoul Government to open up its markets, cut its huge current account surpluses and face up to its responsibilities as an economic power. Page 7

OAU elects chairman

The Organisation of African Unity (OAU), meeting at a summit in Addis Ababa, elected Malian President Moussa Traore as its chairman to replace Zambian President Kenneth Kaunda. Gadaffi initiative, Page 6

Vietnamese withdrawal

uts

nam's planned withdrawal of 50,000 troops in Cambodia could improve relations between the Soviet Union and China. Vietnam said it would withdraw what it says is half of its troop strength in Cambodia between June and December, and the other 50,000

Bush aide to resign

Vice President George Bush's chief spokesman. Mr Peter Tee-ley, said he intended to resign and accused other advisers of limiting his access to the likely Republican presidential nomine Page 5

Raids on Tamil camps More than 6,000 Indian troops backed by helicopter gunships raided Tamil rebel camps near a

northern fishing village Danish parliament

The Danish parliament met for the first time since the May 10 election, with no sign of agree-ment on a government coalition.

China flood toll rises The death toll from massive

flooding in south-east China rose to 126 and relief workers fear more rain could bring fresh disas-ter to the region this weekend.

SLA hunt guerrillas

Pro-Israeli militiamen of tha Christian led South Lebanon Army (SLA), backed by Israeli air and ground forces, scoured a south Lebanese village for Mos-lem guerrillas in the second such hunt in two days.

UDF election ban

Companies

Companies

Companies

World Trade ..

Overseas ..

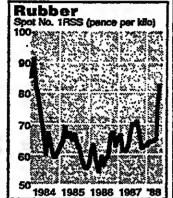
Britain

South Africa's biggest anti-spart-held group, the United Demo-cratic Front (UDF), and 17 other groups restricted by Pretoria last February will not be allowed to take part in October's municipal elections, Information Minister Stoffel van der Merwe said.

Business Summary Boeing wins order for

BOKING won its second large order in two days for its 757 air-line when United Airlines, the Chicago-based carrier owned by Allegis, announced it would buy 30 with options for 30 more having a total value of more than \$20n. Page 7

US SECURITIES and Exchange Commission voted to ask Congress to broaden substantially its power to halt securities trading during emergencies and to give it regulatory oversight over stock index futures. Page 20



overheating prompted Malaysian rubber officials to try to dampen speculative interest as prices there surged to an eight-year

TOKYO: The wait for revised first-quarter figures on US GNP sent many investors to the side-lines with the Nikkel average falling 15.41 to close at 27,428.24.

WALL STREET: The Dow Jones dustrial average closed up 5.38 at 1,966.75. Page 46

LONDON: Rowntree was the forms of attention as Swiss confectioner Jacobs Snchard weighed in with a bid. The FT-SE 100 index lost 2.6 to close at

Y124.575, DM1.70825, FFr5.7565, SFr1.4245. It closed in London at DM1.7065 (DM1.7055), Y124.40 (Y124.30), FFr5.7525 (FFr5.7400), SFr1.4240 (SFr1.4245). Page 35

STERLING closed in New York at \$1.86175. It closed in London at \$1.3630 (\$1.3630), DM3.1800 (DM3.1775), Y231.75 (Y231.50), FF710.7175 (FF710.6950), SF72.6525 York-based chocolate confection-ery company at £2.32bn (\$4.3bn),

(SFr2.6550). Page 35 LILCO, the Long Island Lighting Company, is selling a \$5.3bn nuclear power station to the Long Island Power Authority for

BEECHAM, UK pharmacentical group, signed the first interna-tional licencing agreement hy any company for the transfer of pharmacentical technology to

Saudi Arabia. Page 21 LITTON Industries, California based electronics and industrial products group, reported 23 per cent rise in third-quarter net

profits to \$42.04m. Page 21 BANK of France cut its main quarter of a percentage point

aking the new intervention rate band of 7-7.5 per cent its lowest for two years. Page 20

ZURICH Stock Exchange may take action against listed Swiss companies which impose exces-sive restrictions on the holding of their registered shares. Page 22 DEUTSCHE Genossenschafts bank, central institution for West

Germany's co-operative banks, saw partial group operating prof-its rise more than 5 per cent to DM573m (\$337m). Page 22 ALAN BOND, Australian entre-preneur, is to sell for HK\$1.3/bn (\$175.6m) a portfolio of six hig residential property devalop-ments in Hong Kong. Page 22

HONDA MOTOR, Japanese motor company, posted a 34.8per cent increase in interim pre-tax profits to Y91.12bn (\$732.3m). Page 23

Texaco officials describe Icahn takeover bid as a joke

day night announcement.

Four years ago, when Pennzoll, a little known wildcatting com-pany from Houston, sued Texaco over an obscure breach of contract, the oil giant's managem described that as a joke, too.

OFFICIALS AT Texaco yesterday described as "a joke" the offer by Mr Carl Icahn to buy their company – the third-largest oil producer and marketer in the US – for \$60 a share or \$14.5bn.

Most analysts and arbitrageurs on Wall Street and shrugged off Pennzoil's suit.

Sol's yesterday morning in later, Texaco executives and lawyers poured scorn on that judge to ment, the biggest takeover bid in history.

When Pennzoil was awarded solve the biggest takeover bid in history.

When Pennzoil's ting its first merger record with the \$10bn acquisition of Getty Oil which started all the tronble, Texaco has moved incluctably through the biggest damage award, the biggest bankruptcy and now the higgest takeover bid in history.

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When Pennzoil's suit.

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When Pennzoil was awarded history.

When Pennzoil's suit.

When Pennzoil's suit. as well.

At each stage in the tragicomic saga of Texaco's undoing, it has been literally incredible that the company would be forced to take the next logical step along the road to ruin. And yet, after set-

trageurs continue to dismiss the possibility that Mr Icahn, or some other bidder, might end up buying Texaco and breaking it up? The sheer size of the com-pany is certainly not the biggest problem.

While \$14.5bn is a lot of money.

putting together a financing Trans World Airlines, already

secretive private individuals and soom at current market prices institutions who back his investment partnerships, could quite than that if sold as a block possibly raise that kind of money Furthermore, Kohlberg Kravis in today's overflowing credit Mr Icahn and the various com-

Party

unveils

panies he controls, including

package for an asset-rich combold a 14.8 per cent stake in Tex-pany like Texaco would present aco. This means they would have fewer problems than raising half to raise only a further \$12.60n to that sum for a manufacturing or service business with less tangible property to be sold off and mortgaged.

Even without any new parts. Even without any new part which he threatened to take over ners Mr Icahn, along with the in 1986. These shares are worth

> Furthermore, Kohlberg Kravis Roberts, the New York leveraged buyout specialist, is known to be waiting in the wings with a 4.9 Continued on Page 20



Commission imposes anti-dumping tax on Japanese printers

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission yesterday imposed anti-dumping duties of up to 33.4 per cent on \$1.3bn worth of Japanese dot matrix computer printers in one of the biggest actions of its kind launched by the Brussels authori-

All 15 Japanese companies sell-ing dot matrix printers in Europe will be hit by the initial provisional duties, which are expected to lead to a round of price rises across the industry. The compa-nies affected include Brother Industries, Fujitsu and NEC, as well as Seiko Epson, the industry market leader and originator of a

controversial campaign against the Commission inquiry.

The move brought immediate protests last night from some of the leading Japanese producers.

NEC, which recently invested heavily in a UK manufacturing facility, said it had objected to the decision but that it seemed as though it would now have to accept the levy,

coffee and confectionery group, yesterday challenged Nestlé for control of Rowntree by launching

The latest offer values the

compared to the £2.1bn value of Nestles original bid.

Rowntree rejected Suchard's

bid and issued a defence docu-ment spelling out the reasons why it believed it should remain

Its arguments were supported

with a forecast that it would

ndependent.

a hostile cash counter-bid.

By far the strongest reaction but they will almost certainly be came from Epson, which is estimate definitive within the next hit consumers by pushing np prices, and would give an unfair advantage to other Far Eastern

nfacturers based in the BC," he The duties are provisional in that exporters need only take out bank guarantees for the fines,

Rowntree rebuffs Suchard

most stockbrokers.

The stockmarket took the view

that Rowntree's fate would be decided at an auction between

the two Swiss companies, which between them own over 45 per

cent of the UK company's shares. Fuelled by the expectation that Nestle would launch a higher

"knock-out" offer to win control,

Rowntree's shares rose 29p to

JACOBS SUCHARD, the Swiss than the £127m anticipated by

mated to have a market share of six months, when the guarantee about 30 per cent in Europe. Mr must be paid and further fines Don Pinchbeck, general manager will be charged in cash at EC in the UK, said the levies would borders. It is highly likely that the companies will appeal when the duties become definitive.

Yesterday's fines were trig gered by a complaint in March last year from the EC's four lead He was particularly critical of last year from the EC's four lead the fact that the Commission had lng computer printer mak taken no action against printers
made in Hong Kong, the source
of machines sold by Amstrad, the
fast-expanding UK gronp.
Because Epson had increased its prices under the pressure of the and Philips Kommunikations, anti-dumping action, Amstrad also of West Germany. Their subwas now able to undercut it. "What this levy could do is to only against dot matrix printer jeopardise the excellent employ-ment opportunities already being created within the Japanese man-production of relatively inexpensive machines that are particu-larly suitable for working in conjunction with personal

computers.

Continued on Page 20

Mr Klaus Jacobs, chairman of Suchard, said in London that

with sales of an estimated £2.3bn the combination of Suchard and

Rowntree would eclipse Mars, the

private US company, as the

world's largest confectionery

However he stressed that

He claimed that the the combi

Continued on Page 20

global size was not the main

rationale for the bid.

reform proposals By Quentin Peel in Moscow

FIRST CLEAR details of sweeping plans to overhaul the Soviet Union's ruling Commu-nist Party were published last night, proposing a 10-year limit on officials holding the same job and restoration of the democratic powers of elected

The plans, proposed by the Central Committee of the Party as the basis for a funda-mental debate at next month's national conference, include references to the failure of Soviet economic and foreign policy in the past, and the need for continuing radical

The proposals appear to go a long way towards the sort of democratisation advocated by Mr Mikhail Gorbachev, the Soviet leader and party gen-eral secretary, However, many of his supporters fear that the

of his supporters fear that the delegates will not be prepared to go so far to curb their own traditional powers.

The "theses" for the party conference, which amount to a draft agenda, warn that "survivals of the conservative and bureaucratic mentality have proved especially tenacious. Adherents of dogmatic concepts of socialism are slow to yield. Without overcoming yield. Without overcoming these negative phenomena, it is impossible to advance furtasks of perestroika." There are warnings both

that the party must be kept within a legal framework, and party officials prevented from exceeding their authority. It talks of the need to reform the political system "to really draw broad sections of the population into running all state and public affairs" tacit admission that the party has hitherto failed to do so. close at 1029p.

At this level, they stand at 79p above Suchard's 950p counter-bid and a full 139p higher than Nes-Continued on Page 20

Moscow hopeful of summit arms control progress

BY QUENTIN PEEL IN MOSCOW

A KEY ARMS control adviser to surprised at the absence of a stra-Mr Mikhail Gorbachev, the Soviet tegic arms agreement. Ronald Reagan.

But Marshal Sergei Akhromeyev, chief of the Soviet general staif, stopped short of predicting a final agreement on a 50 per cent cut in strategic nuclear

At the same time, Soviet negotiators said there was a convergence of views on holding a Middle East peace conference. The allowing access for inspectors of US has consistently expressed submarines and other vessels doubts about the form of such a just as on ground missile sites.

meeting.
Marshal Akhromeyev said the
Soviet side would be looking for
clear instructions from Mr Gorbachev and President Reagan to speed up the pace of the strategic arms reduction talks. He was adament that they must include agreement on all the missiles most difficult to verify, including air-launched, sea-launched and mobile ground-launched weap-

He also ruled out any unilateral Soviet offer to withdraw large numbers of its conventional forces from Eastern Europe, but said the two superpowers might be able to agree on the mandate for conventional arms reduction

talks and the geographical scope for any future deal.

Marshal Akhromeyev con-firmed the US was proposing a separate agreement on advance warning of missile launches, which could be agreed outside which could be agreed outside the main strategic arms pact.

The leading Soviet negotiators were cautiously optimistic about the outcome of the summit, while insisting that no one should be

leader, yesterday expressed optimism for progress on a range of one and should not disappoint arms control issues at next anyone," Mr Vladimir Petrovsky, week's Moscow summit between Soviet deputy foreign minister, Mr Gorbachev and President said. "It touches upon the deepest aspects of the security of our two

countries . . . It must be carefully polished and prepared in the smallest detail. Marshal Akhromeyev accused the US Navy of holding up any agreement on sea-launched mis-siles, regarded as the most diffi-cult stumbling block. He insisted that verification was possible by allowing access for inspectors on submarines and other vessels

He said progress had been made in the arms talks since the Washington summit, both on set-ting sub-limits for each category of land-based and sea-based nuclear missiles and on the number of missile launching pads and

The marshal, who also revealed for the first time that there were 100,300 Soviet troops in Afghanistan, reacted strongly to any suggestion of unilateral troop withdrawals from Eastern Europe. "Why should we?" he asked. "There is no reason for unilateral withdrawal.

He said the US and Soviet Union should be able to agree on a mandate for conventional arms reduction talks, which the Soviet side is determined should include air forces as well as land forces. There was one note of criticism in the Soviet pre-summit hriefing, on the decision by President Rea-gan to meet "refuseniks". Mr Petrovsky said: "It is doubtful that such steps will help to improve relations between our

Nestlé yesterday refused to comment on its intention. boost its pre-tax profits by 20 per cent to £135m this year, higher Lex, Page 20 Results, Page 27 Reed pulls out of paper sector

tlé's original 890p offer.

BY MAGGIE URRY IN LONDON

REED INTERNATIONAL, the UK publishing, paper and packaging group, is selling its paper and packaging interests in Europe and North America, representing money market interest rates by a about 40 per cent of the compa quarter of a percentage point ny's sales and profits. Analysts suggested yesterday that this could raise £800m

(\$1.5bn) and Reed's share price rose 8p to close at 423p.

The move marks the final withdrawal by the group from its original paper business. Over the last decade or so it bas been restructuring its business, focusing on fewer core activities and making numerous acquisitions.

Mr Peter Davis, Reed's chief executive, said the group decided to make the disposals after a strategic review of the business last antumn. There is absolutely no logic left in having the two busi-

In future Reed will concentrate esources on its publishing business. This, Mr Davis said, is strong and rapidly growing, has a high cashflow and a number of opportunities to expand.
"We are about 10th in the world publishing league," he said. "It is getting more concen-

UK PAPER AND **BOARD MAKERS**

UK annual (1990 tonne David S Smith 405 (BPB Inds) 365 UK Paper Cons Bathurst 230 (BAT Inds) Utd Paper Milis

† Rising to 430 in 1969; § Rising to 400 in 1989 trated and the stakes are getting

go to acquisitions and develop-ment of the publishing side. The disposal will be in two parts. The larger one, expected to raise some £600m, will be of the Reed Manufacturing group, which includes its UK paper-mak-ing, packaging, and trading businesses together with its paper and packaging activities in the Netherlands.

bigger."
The proceeds of the sales will develop-

These will form a management

in the UK, backed with finance from institutions led by CIN Venture Managers, the venture capi-tal arm of the British Coal and British Rail pension funds. Even-tually it is expected to return to Other bids had been made for

the businesses, but Mr Davis said Reed had wanted to sell the manufacturing group as one company and the best offer came from the

A higher offer could still appear before the deal was com-pleted, be said. Last year Reed planned to sell its paint and do-it-yourself business to a manent team until a better offer came from Williams Holdings.

The other part of the sale will be of the North American paper business, primarily a newsprint mill in Quebec, Canada. Mr Davis said discussions are in an advanced stage with two or three interested parties. Speculation in the stockmarket about a possible sale persuaded Reed to make an announcement and details will be revealed on June 8, together with the company's trading results for

1987-88.

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Technology Unit Trests



STRONGMAN CHALLENGES AMERICAN GOLIATH

PANAMA

ral Manuel Antonio Noriega's survival instinct has moved the crisis in his favour, Page 5

buy-out, the second largest seen Lex, Page 20; analysis, Page 26 PT Law Reports: Tax is chargeable on devalued trust investment property. Management: Lost contract - anatomy of a power game . Editorial comment: Realism at the summitdeficiencies of law making ...

> Lex: Reed International; Rowntree; Texaco; Shipping: Sea Containers' captain steers a profitable course .. Technology: The practical nature of Olivetti's VIP visionary

> Biotechnology; Hertfordshire: Six-page sur-

Joe Rogaly: Not quite the Sermon on the

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NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS

BRIDGESTONE CORPORATION Formerly Bridgestone Tire Co., Ltd. (Kabushiki Kaisha Bridgestone)

(the "Company") U.S. \$70,000,000

5½ per cent Convertible Bonds due 1996 (the "Bonds")

NOTICE IS HEREBY GIVEN that, in accordance with the provision of the Trust Deed dated 23rd February 1982 between Bridgestone Tire Co., Ltd. (the "Company") and The Fuji Bank and Trust Company under which the above-described Bonds were constituted, the Company has elected to exercise its right to, and shall, redeem on June 30, 1988, all of its outstanding bonds at a redemption prior at 162.5% of the principal amount thereof, together with accrued interest to such date of redemption which will amount to U.S. \$137.50 per \$5,000 principal amount of the Bonds.

The payment of the redemption price and the secreed interest, will be made on and after June 30, 1988 upon presentation and surrender of the Bonda, together with all enurons apportaining thereto maturing subsequent to June 30, 1988 at the principal office of The Bonda in New York City, 800 Broadway, New York 10005 or at the principal office in the city indicated below of any of the following Paying Agent for Paying Agent for the Bonda.

Onling Paying Agents:

Daiwa Europe Limited, London: The Long Term Bank of Japan, Limited, London: Morgan Guaranty Trust Company of New York, Sruxelles; The Fuji Bank, Limited, Dusseldorf; The Sumitome Bank, Limited, London: Krediethank S.A. Laxembourgeoise, Luxembourge Dai-Ichi Kangyo Bank (Schweiz) AG, Zurich:

On and after June 30, 1968, Interest on the Bonds will cease to accrue. The Bonds may be converted into shares of Common Stock of the Company at a conversion price (with Bonds taken at their principal amount translated into Japanese Sen at a rate of Sen 234.15 equals U.S.\$1) of Sen 427.30 per share Common Stock.

The Company's Common Stock is issuable only in Units of 1.000 shares or integral multiple thereof. A cash adjustment will be paid for any fraction of a Unit.

Each bondholder who wishes to convert his Bond should deposit his Bonds, together with all annutured coupons, with any of the Conversion Agents being the same as the Paying Agents apecified above, accompanied by a notice of conversion it form of which is available from any of the Conversion Agents. SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL BONDS AT THE CLOSE OF BUSINESS ON JUNE 30, 1988.

For the information of the Bondholdern, the reported closing price of Common Stock of the ampuny on the Tokyo Stock Exchange on May 19, 1988, being the latest available date prior to be publication of this notice, was Wen 1500 per share. The aggregate principal amount of the order outstanding as of May 19, 1988 was \$135,000.00.

BRIDGESTONE CORPORATION

By: The Bank of Tokyo Trust Company
as Principal Paying Agent

Dated: May 27, 1988

CORRECTION NOTICE

TRANSAMERICA CORPORATION U.S. Dollars 30,000,000.-Floating Rate Notes due 1990 (Coupon No. 7)

Pursuant to Note conditions, Notice is hereby given that for the Interest Period from 13th May 1988 to 14th Nov 1988 an Interest Rate of 816% per annum will apply.

Amount per coupon = U.S. Dlrs 2,071.61 Payable on 14 Nov 1988

(NB: This advertisement supersedes previous notices published in May, 1988)

Reference Agent:

The Long Term Credit Bank of Japan Ltd., London Branch

SOLVAY & Cie Société Anonyme Registered Office: \$3, rue du Prince Albert, Ixelles (Brussels)

Brussels Trade Register no \$554 Shareholders are hereby invited to attend:

1) The Ordinary General Mosting which will be held on Monday 6th June 1968 a.m. to transact the following business:

I. Report of the Board of Directors and report of the External Auditors on the operations of the financial year 1987.

Approval of the Annual Accounts for the financial year 1987 - Appropriation

Appointment of Solvac as Director to complete the term of office of Mr. Paul Washer, who has tendered his resignation. - Appointment of three Directors to replace Measus, Claude Loutrel, Jean-Jacques was de Berg and André Ganaho; van der Meersch, who have tendered their resignation and being eligible have offered themselves for re-election for a new term of office of six years. b) Change in the res

recirement at the age limit of Mr. Pierre van Mook. Change in the remuneration of the External Auditor.

ther business.

The Extraordinary General Meeting which will be held on Monday 6th June 1986 following the close of the Ordinary General Meeting, to transact the following

Special report of the Board of Directors on the following items on the agenda Increase of the chare capital from 12,000m, RF to 30,000m, RF without issue ones ahares, by incorporation of the amounts booked under the headings "Issue Premiums", "Revaluation surplus", "Tax-except reserves" and "Available reserves" tilow workers, employees, middle management and executives of Solvay & Cie and allow workers, employees, middle management and executives or sowny as the and of the companies belonging to the Solvay Group to partale in the capital, on the occasion of the 125th anniversary of Solvay & Cie. the second, to pay for contributions in kind, or possible mixed contributions the third, so pay for contributions in cash, possibly under the form of convertible loans or of loans with warrants: the fourth, to increase the shore capital by capitalisation of with warrants. The fourth, to increase the antive capital by explanation or reserves and, on the occasion of the 125th antiversary of Solvay & Cie, to have correlatively free shares in the proportion of one new share for twenty old shares. Approval, in consequence, of a new statutory provision (article 10bis) authorizing the Board of Directors to decide, if necessary not with standing the pre-cuption rights, on such share capital increases.

2.1. Article 6: Modification of the amount of the share capital taking into account the increase to be decided on under item II of the agenda.

2.2. Article 6: Modification of the text to take account, in particular, of the fact that the old C shares are now fully paid up. Introduction of a clarification in the definition of the notion "prorata liberationis".

(2nd and 4th paragraphs): Modification of the period of time, to increase it from thirty to strive days. (5th paragraph): Modification of the period of time, to increase it from thirty to strive days.

Article 9c: (second paragraph) Modification of the period of time, to increase it from thirty to strive days.

modification by the legislator of article 76 of the Belgian company law.

2.6. Article 46: Introduction of a new first sentence relating to accounting year.

2.7. Article 63: Removal of this transitional article which has become null and void.

The special report, mentioned in item I of the agenda of the Extraordinary General Meeting, is available at the Registered Office. Thus, the people proving that they are holders of bearer shares will be entitled to take knowledge of the report and sak for a

these meetings, if their shares are bearer shares, they will have to lodge the share temporarily and have them blocked at the Registered Office of the company or at on ents listed below, by Tuesday 31st May 1968 at the intest:

In Beistum: Generale de Banque Bruxelles Lumbert Kredietbank Credit General In Germany, Deutsche Bank

ce: Lazard Freres & Cie Bigque de la Mutuelle Ind In Italy: SPAFID

In Luxembourg: Banque Generale du Lux

In the Netherlands: Algemene Bank Nederland In Great Britain: J. Henry Schroder Wagg & Co. Ltd. Banque Beige Ltd.

The Foreign banks named above have the faculty, in their respec associate with other establishments where Solvay shares can also be validly lodged. The ligs of these establishments will be published in due time in each country. On the other hand, if their shares are registered, the holders must notify the company in writing by Tuesday 31st May 1988 at the latest, of their intention to attend this neeting, indicating the number of shares they hold or represent.

nitarly, in conformity with article 36 of the Articles of Association, p reach the Registered Office by Tuesday 31st May 1988 at the latest. holders wishing to attend this meeting are saled to comply with the a bronalities as those imposed on shareholders (Article 37 of the Articles of As

Finally, in conformity with Article 78 of the Belgian company law, every a entitled, on production of his share, to obtain free of charge a copy of the municipal accounts, of the report from the Board of Directors, and of the reports from the

The Board of Directs

EUROPEAN NEWS

Brussels may face legal action over BSC aid

THE RISK of a legal clash but it has already warned that it between the West German steel might fight the Commisson in industry and the European Comthe European Court for failing to mission loomed yesterday when Brussels rejected a complaint which would complicate BSC's from the country's main producers' association against state aid for the British Steel Corporation.

The West German Iron and **European Community restric**tions on government assistance.

the European Court for failing to enforce steel and rules: a move urivatisation prospects.

However, the Commission the West German industry that Steel Federation alleged last Finsider, the Italian state-owned month that BSC had received too much state aid from the UK Gov much state aid, in the form of ernment, so contravening tight banks. Brussels says it has launched an inquiry into Italian The federation was preparing steel aid - a response likely to its formal response yesterday, satisfy the federation.

capable of delivering nuclear

for the strong policy recommendations which may be required.

In its annual Strategic Survey, the independent body says the West should make its own proposals soon for righting the imbalance in conventional forces in Europe. If it fails to challenge the Soviet Union in this way, Mr Mikhail Gorbachev could be expected to advance initiatives which could have "a seriously US presidential election.

high ground," the report warns. It calls for a comprehensive of the survey says new Western thinking must reflect the fact that for many years US economic that for many years US economic mand military strength has been and military strength has been an

THE WEST GERMAN counter-infrom 22,100 to 25,200. However, Union, and membership had
telligence agency, the Bundesamt the increase in membership of fallen below 38,000 for the first
fruer Verfassungsschutz (BFV), avowedly neo-Nazi organisations
has reported a sharp increase in
the membership of extreme
right-wing organisations and a
still well below those at the peak
slight drop in membership on the
1,450 to 1,520 and numbers are
right-wing organisations and a
still well below those at the peak
slight drop in membership on the
1,650 to 1,520 and numbers are
right-wing organisations and a
still well below those at the peak
slight drop in membership on the
1,650 to 1,520 and numbers are
right-wing organisations and a
still well below those at the peak
slight drop in membership on the
1,650 to 1,520 and numbers are
party members have enthusiastically
cally embraced the ideas of
glas-

Mr Friedrich Zimmermann, the mann reported that the West Ger- with a leadership supported and Interior Minister, said that, after man Communist Party (DKP) financed by East Germany,

years of stagnation, parties of the was facing its biggest internal where the current changes in the

wanted Eta members to Spain,

but later in opposition he had voiced concern about the policy,

developed by Mr Jacques Chi-

rac's government, that favoured the summary handing over to

Spanish police of Basque separat-

ist suspects living in southwest

numbers by about 14 per cent up of the changes in the Soviet welcomed.

THE FRENCH Interior, Mr Pierre awaited by the Spanish Govern-Joxe, yesterday promised to ment who were hoping for the maintain the co-operation with apparently supportive remarks Spain on cross-border terrorist that Mr Joxe delivered after his

Spain on cross-border terrorist control which has proved a key element in Madrid's efforts to reduce Eta, the basque separatist three years ago, had assented to organisation.

West Germany's far right gains recruits

1960s. On the left, Mr Zimmer- nost but have come into conflict

extreme right had increased their crisis to date, largely as a result Soviet Union are not generally of about 15 and about 200 sup-

France pledges co-operation to fight Eta

US TACTICAL fighters due to be due to come from Nato's infra-

os Tactrical inginers due to be withdrawn from Spain will be structure funds, details of how transferred to Italy, and Nato will the cost will be shared have still shoulder the cost, defence ministo be finalised. The US, which ters agreed yesterday in Brussels.

The agreement in principle was would have to find the money for amounced by Mr Rupert Scholz; the transfer, was reported to be the new West German Defence minister, who was making his first appearance at a Nato meeting.

The 72 F-16 fighters, which are canable of delivering and a second control of the secon

ing. capable of delivering nuclear The bill for moving the 401st weapons, are due to be with-Tactical Air Wing, involving drawn from the joint Spanish-US about 4,000 US military personabel, has been estimated at up to side Madrid, within the next \$500m. Although a large part is three years.

The Brussels authorities' reply will do little to help the deadlock between member states over Commission plans to end the system of steel output quotas, due to be discussed at a meeting of the Community's industry ministers accepted another complaint by today. West Germany refuses to agree to the ending of quotas while its competitors benefit from allegedly illicit national aid

> member states' attitudes. The Commission, supported by Britain and the Netherlands, wants to scrap quotas as an unn-

Agreement between Washing-

ton and Madrid on removing the fighter presence, which has pro-

voked a long series of anti-US demonstrations, was reached in January after 18 months of tense

negotiations. The US argued that the aircraft were of critical importance to the alliance in its defensive coverage of southeast Europe. The Spanish Govern-

enough to survive without such was to prepare for the group's help. Today's meeting will not public sale, rather than to try to make a decision on the restructure. future of quotas, but will set the

- and its stance as the EC's largest steelmaker is crucial to other benefiting artificially from the the view that BSC received too elimination of its debts thanks to much aid."

cal impact of modernising ahort-range weapons, which "smack more of 'war-fighting' than deterrence." It adds that any plan by Nato to compensate for the systems eliminated under

the INF treaty risks provoking a countervailing Soviet response and causing disillusionment in

Membership of extreme left

bodies is down from 63,000 to 62,000, and there has also been a reduction in the incidence of left-

(although an increase in the cost of damage), the first such decline

for some years. The Red Army

Fraction has not been evident for

more than a year, but it is still thought to exist with a hard core

The separatists have also been holding Madrid property dealer Mr Emiliano Revilla hostage for

more than three months and ear-lier this month French and Span-

ish police co-operation foiled an attempt by Mr Revilla's family to

deliver some £3.5m worth of ran-som money to the organisation

Mr Barrionnevo has faced criti-

police to free Mr Revilla.

cism over a bungled attempt by

A woman was wounded when

the police stormed a house in a

Madrid suburb where they mis-takenly believed the kidnappers

cessary and anti-competitive pro-pre-1985 state aid and that the tection for an industry healthy main purpose of this assistance

future of quotas, but will set the tone for a final attempt to do so at the end of June.

Practically all national sid to steel companies has been banned court; the agreed closures have in the EC since 1985, and until then it was only allowed on condition that it accompanied closures. The West German federation argues that BSC is still structure." It therefore "rejects benefiting artificially from the



President Mitterrand: meeting with Mulroney

Canada and France end fishing row

By George Graham in Paris

FRANCE and Canada have settied their differences and are to resume negotiations over the fishing zones around St Pierre and Miquelon, the French islands just off the Canadian coast.

The long-running dispute over fishing quotas in the Gulf of St Lawrence for the St Pier-rais and for trawlers from metropolitan France had flared up in April in the run-up to the French presidential election, after Canada had arrested a group of St Pierre politicians deliberately fishing in Canadian territorial waters. Negotiations over the fishing

rights were broken off, and France even recalled its ambassador from Ottawa in an unusually firm protest against wing terrorism and violence the Canadian action.
A temporary settlement

with the appointment of a mediator to resolve the disputed fish quotas, but the row broke out again when France arrested a Canadian fishing vessel in St Pierre waters three days before the second round of the presidential election. Mr Brian Mulroney, the

Canadian prime minister, said yesterday that the two coun-tries' negotiators were now expected to meet around June 7 and that he hoped that the talks would "result in a fair settlement". Mr Mulroney met President

Francois Mitterrand and his new prime minister. Mr Michel Rocard.

The Canadian prime minister said the question of his country's contract for up to 12 nuclear submarines, in which France's Amethyat class is competing against the UK's Trafalgar, had been discussed informally, although it was not on the main agen contract is expected to be awarded this summer.

Industrialist attacks Italian N-policy

MR SERGIO PININFARINA. ON of the most celebrated manes in Italian design, yesterday made his debut as the main spokesman for the nation's industry with a irp criticism of certain aspects of the new Government's pro-

of the new Government's programme.

Recently elected president of Confindustria, Italy's top business organisation, he affirmed that preparing the country for the opening of the European Community's internal market in 1992 would be one of the most important objectives of his two-year term of office.

In a long speech to the osganisation's annual assembly, hir Pininfarina called for "new rules and new behaviour" in virtually every aspect of national economic and political life. But so broad was his brush that he offered few chies to Confindustria's actual priorities for change.

While full square behind government plans to establish firm control over the budget deficit and public debt by 1992, Mr Fininfarina had some harsh works for its choice of a virtually non-nuclear energy policy and for its intention to ease the unemployment problem in the south by beauting mublic amployment. ment problem in the south by boosting public employment. The Government's apparent

intention to confine nuclear energy production to just one energy production to just man plant was "neither wise nor far-signisd." he said. Such political prejudice would "accentuate the distance between our country." and tha other industrialised

ations."
As for the Messogiorno's problems of backwardness, these had to be offered market oriented solutions distant from the "poli-tics of assistance of the past" which had caused "a great waste of resources but have not reduced the gap with the rest of the country."

the country."
Mr Pininfarina said the Government was offering only a superficial response to the region's high unemployment with its plan to create more public sector jobs.

Greece-Turkey talks avoid divisive issues By Andriana terodinoceu

THREE DAYS of political talks in Athens led by the foreign minis-ters of Greece and Turkey appeared set yesterday to end without touching upon the key disputes in the Aegean and

Cyprus.

However the two Nato neighbours were expected to announce an agreement on a number of secondary issues, designed to

keep alive the rapprochament launched by their prime ministers in Davos last January. The main achievement of the this week has been to avert the breakdown which threatened on the first day of talks, when the

two sides appeared unable to set-tle on agenda. A collapse of the Greek-Turk-

ish dialogue at that point would have hung over the planned offi-cial visit to Athens on June 13 by Turkey's prime minister, Mr Turgut Ozal. The deadlock was averted by

removing from the table key dis-putes which for the Greek side include Ankara's 14-year occupation of northern Cyprus, and for the Turkish side the sharing of sea and air space rights in the Asgean. These issues are expec-ted to be raised during the Ozal A Greek spokesman indicated

that the talks this week concentrated on confidence-building measures, such as the abolition of a visa requirement for Greek and Turkish diplomats and the avoidance of statements likely to jeopardise the improvement in

· Turkish security forces have killed 10 Kurdish rebels in a day-long clash in the southeas-tern province of Hakkari, the semi-official Anatolian news agency said yesterday, Rauter

wounded in the fighting which continued throughout most of Wednesday near Semdinit, 15 miles north of the area where Turkey's borders most from and

Italian parties scramble for votes in local elections

Making his first visit outside

France since joining the new Government, Mr Joxe held talks with his Spanish opposite num-

ber, Mr Jose Barrionuevo, and

with the Prime Minister, Mr Felipe Gonzalez.

His visit had been eagerly France.

promises, as dozens of rival par-ties and groups have scrambled for support in local elections this weekend involving more than 7m

It is at this level of provincial councils and local communes that the wheels of Italian political patronage turn most blatantly. Local authority jobs, supply and construction contracts, school places, pension payments: the list of promises is enormous and quite unblushing.

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close second in some areas.

A revulsion against such traditional politics partly explains the growing phenomenon of "civic lists". In some cases, such as the Lega Lombarda, these are fully constituted regional parties tilt-ing against the tyranny exercised from Rome by the "party-ocracy".

In others, they are just like-minded citizens who claim to be "against politics" and in favour of efficient, honest govern-

Of course not all parties are In virtually every one of the equally involved in such auctions. The Christian Democrats be based on proportional reprein the Mezzogiorno are still held sentation, there is one or more

FOR THE past month or so, Italy to be the worst offenders, with has bloomed as a true land of the Socialists running them a promises, as dozens of rival parciles second in some areas.

Civic list. They are particularly which no party can win representation in the national parliament. The Christian Democrats will this week of its veter and the control of the funerals the control of the funeral of th more of the vote in some towns. The smaller communes counting fewer than 5,000 inhabitants around 800 in all - will be voting

Before returning to Paris Mr

Joxe told reporters that there

would be continued co-operation

between the Spanish and French

democracies to ensure the main-

Eta was accused yesterday of

the murder of a restaurant owner

in the Basque country. Mr Sebas-

tian Azpiri (38) was shot through

the head in the town of Eiber on

Wednesday evening, and police

suggested that the killing was

part of the underground organization's campaign against drug

tenance of freedom.*

on a simple majority system.

Although the outcome of the elections is not expected to have any immediate impact on the new national five-party coalition government, led by the Christian Democrat Mr Ciriaco De Mita, the results will be closely scutinised

by party headquarters.

If the civic lists do well, then
the Socialists can be expected to push even harder at national level for a threshold vote below

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this week of its veterans Giorgio Almirante and Pino Romualdi. The Christian Democrats will be anxious to hold on to their vote after years of steady decline in national and local elections, national and local elections, and communes voted five years spite n small recovery in last ago, the Christian Democrats year'e general elections.

The last time these councils

year'e general elections.

The Communists are hoping to nists 25.8 per cent, the Communists recover from the slide in their 15.3 per cent, the Republicans 5.4 per cent, while there will be some per cent, the MSI 5 per cent and interest in whether the neo-fas-

TO EXTENDED TERM DEBENTUREHOLDERS

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2. There have been no material changes to the said Properties or the Lesso

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Properties Stock Trust

reports.
Three Turkish soldiers were

NOTICE

هكذا من التصل

Religious stakes draw heavy Irish

betting By Kleran Cooke in Dublin

EVER SEEN a flying nun? Or a racing rabbl? Or perhaps a gal-loping monsignor? They'll all be there this weekend at the Interdenominational Clerry Person's race in Trim, County

Meath, the Republic of Ireland.
The bookies have already reported heavy betting on what promises to be one of the musual horse races ever. First nun past the post will receive

a thousand pounds.

Mr Michael Reagan is a local solicitor and organiser of this delicate moulding of the cloth and turf. "We've quite a gaggle of mus taking part," he said.
"So far we've had 182 enquiries from various convents round the country, but we'll only be picking the cream of the bunch."

All entrants will be raising

money for charity. At the moment Sister Anne Neylan of the Daughters of Charity is favourite in the nuns category.
Sister Neylan, who worked as
a stable girl before deciding on
a more spiritual way of life, is
up on Sweet Divine.

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Card Maria

The Park I

Link Editor

Overall race favourite so far is the local parish priest, Fr Declan Smith, who is riding Divine Intervention. However, there are doubts about Fr Smith's staying power. Last year, when in the lead, he heeled over on the final bend and, in the process, brought down Fr Pat Carney on Roman Folly.

In so doing, 17-stone Fr willy Hennessy, Dean of Disci-pline at St Kieran's College in Kilkenny, romped home on Wing and a Prayer.

Fr Hemessy will not be com-peting this weekend. "I'm bit-terly disappointed but I have an ordination to go to and feel it better take precedence," he

But there are plenty of other hopefuls. A late entry is 74year-old Dr David Sigiloff, who is representing the London Jewish community. Dr David Tomkin is taking part on behalf of Dublin's Adelaide synagogue. Substantial sums are rumoured to be placed on his horse Walling Well.
"Everything is now in apple
pie order," says Mr Reagan.
There's a bit of a cut in the

ground from the recent rain and we shouldn't have too many tracked clerical heads."

The interdenominational race is over one and a half miles along the banks of the Boyne river, where the Protes-tant William of Orange eated the Catholic Jacobites in 1689. This weekend a different, but none the less keen, battle will be waged.

FINANCIAL TIMES

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EC raises hopes of providing more funds for its poorer members MINISTERS OF THE European Community are hopeful of an early agreement, perhaps in the next few weeks, on the main framework for enlarged funds almed at narrowing the gap between the richer and poorer regions of the community.

Which will receive aid, the Ger decline for the last 15 years, instead of 10 as originally prohability areas such as Merseyside and Strathchyde in the UK will come within the net on this basis.

Special nrban areas with

regions of the community. 14.4bn (£9.45bn) at their disposal eligible for aid from the Euroin 1993, represent the higgest spending power on a Community basis after that spent on support-

Policy. This week, foreign ministers in This week, foreign ministers in three years would be modified three years would be modified supported by the Spanish government in the proposals are likely to be supported by the Spanish government in the interests of securing will qualify for assistance. On the highly sensitive issue of which

The funds, which will have Ecu could expand the industrial areas

munity average over the last specific industries.

Special nrban areas with The new proposals, if agreed, unemployment at least 50 per cent over the Community averpean Regional Development helping areas which have suffered industrial deals. basis after that spent on support— The qualification of 15 per cent substituted for aiding those ing the Common Agricultural unemployment above the Com-

highly sensitive issue of which France and Germany would come given that the enlarging of the criteria should be adopted to within the latter definition. Areas so-called structural funds — define the industrial regions which have suffered industrial agreed at the February summit

The funds represent the largest promised spending power on a Community basis

Hazel Duffy analyses the decision on the criteria required for regions of western Europe to qualify for basic economic aid

after that paid out to support the Common Agricultural Policy

- was intended to help the Mediwas muented to near the mean-terranean countries develop fas-ter in the light of the expected greater benefits flowing to the industries of the northern coun-tries from the internal market. Greece and Portugal, however, are still pressing to be given pre-cise details of how much they will receive from the funds.

Some 80 per cent of the three funds — the Regional Fund, Social Fund, and Agricultural Fund — which will be doubled by 1993, will go to the less developed regions. These have been defined as those which have 75 per cent or less of the Community's average Gross Domestic Product per head.

The lack of up-to-date figures from Italy has been a stumbling block in reaching agreement on these areas, but seems likely to be overcome. Qualifying regions in this category include the whole of Greece, Ireland, Portu-gal, Northern Ireland, most of the southern part of Italy, the overseas territories of France, and parts of Spain. In Britain, the Highlands and Islands in Scot-

REPORT POINTS TO RISKS OF TRYING TO 'FINE TUNE' ECONOMIC ACTIVITY

land, mid Wales and parts of It also wants the overall terri-Devon and Cornwall, and two torial coverage of the Regional more areas of Spain were this Fund reduced. At present, 41 per

definition of qualifying industrial uncomployment and training of areas implicit in the latest proposals, the European Commission up on a regional basis. is likely to press for more say in the actual implementation of the the Agricultural Fund - aimed funds. Its concern is that the at promoting development in sums available for the industrial rural areas which are losing out regions, which will amount to under the reform of the Common Ecu 1.5bn in 1992, should be concentrated on comprehensive pro- be determined but are not expecjects rather than be sprinkled ted to hold up agreement to the around on individual projects, as overall restructuring of the has mostly been the case to date. funds.

cent of the Community lives in Spain will probably emerge as areas qualifying for the Fund. the country which will top the The Commission would like to pay-out from the Regional Fund, followed by Italy, and the UK.

Given the greater flexibility in towards alleviating long term

Romania plan angers Hungary

BY LESLIE COLITY TUNGARY'S media are main-

taining a barrage of attacks on Romania, highlighting one of the bitterest bilateral disputes ever to be conducted in public by two Varsaw Pact members. Hungary is alleging that the Romanian leader, Mr Nicolae Ceausecu, aims to "liquidate"

thousands of villages, including many inhabited by ethnic Hun-garians and Germans. Hungarian press reports said ,000 villages were slated for

imination under the plan. Many of the villages were in

Transylvania, where most of keness on the plight of the its Romania's 1.7m ethnic Hungari-ans and 600,000 ethnic Germans with ordinary Hungarians, at live. "Everything is to be liquitime when they face an adated, including churches and lar austerity programme. cemeteries," the Hungarian news agency, MTI said.

Magyar Ifusag, the magazine of the Hungarian youth organisation, said the selection of villages would begin shortly.

Nearly 10,000 ethnic Hungari-ans from Romania have appealed. to Budapest for asylum this year. Budapest's increasing outspo-

wanted to cut the number of villages in the country by almost half and instead create "agro-industrial centres".

living standards in towns and villages, but Hungary believes the purpose is to resettle ethnic Hungarians in Romanian cities.

Borders to open for Pope's Vienna visit

BY JUDY DEMPSEY IN VIENNA

Austria between June 23 and 26 retain their passports rather than ping expeditions.

THE BORDERS between Austria and it is expected that at least return them to the police authorized during the Pope's visit to Vienna, Mr Alois Mock, the Austrian Foreign Minister and Vice-chancellor said yesterday in Budapest, at the start of an official visit.

Pope John Paul II will visit Austria between June 23 and 26 retain their passports rather than the least return them to the police authorities on return from each trip.

The new regulations and the increasingly relaxed relationship has led to long border delays, with Hungarians crossing to Vienna for short visits and Austrian between June 23 and 26 retain their passports rather than the police authorities on return from each trip.

The new regulations and the increasingly relaxed relationship has led to long border delays, with Hungarians crossing to retain their passports rather than to the police authorities on return from each trip.

The new regulations and the increasingly relaxed relationship has led to long border delays, with Hungarians crossing to retain their passports rather than the police authorities on return from each trip.

The new regulations and the increasingly relaxed relationship has led to long border delays, with Hungarians crossing to retain their passports rather than the police authorities on return from each trip.

BY SIMON HOLBERTON time when they face an unpopuaimed at sustaining the integrity Mr Ceausescu said in April he of the financial system and of preventing excessive volatility in inancial markets, a study by the

economics department of the Organisation of Economic Co-operation and Development con-He said the goal was to level

The study, which is the result of an analysis of the effects on real economic activity of mone tary policy in seven large and three small OECD countries, claims that attempts by monetary authorities to "fine tune economic activity run the risk of having perverse effects on prices

and output.
In the aftermath of financial market deregulation, of the decontrol of credit and interest rates, and of the move to floating exchange rates, the OECD study any, verifiable relationships between the operation of monetary policy in the 10 countries

MONETARY POLICY should be and the level of output, employment and prices. importance of the financial mar- responsibility for correcting the kets' expectations of policy to cyclical instability of output and short-run changes in interest employment.
rates and exchange rates. Monein terms of the regulation of

tary authorities should act in a output, the study concludes that and inflation.

The study concludes there are few empirically verifiable relationships between monetary policy and the level of output, employment and prices.

OECD underlines limits of monetary policy

way which does not create uncer- the effects of monetary policy are

likely to be most predictable in become more, or less, sensitive to an environment where the changes in interest rates and market participants that they are pursuing a credible medium-term strategy which they fully intend to stick to," the study says.

tainty about the general direction of policy.

"Monetary policy effects are private expenditures have become more, or less, sensitive to financial wealth.

On inflation the authors say there is "no strong and reliable" short-run relationship hetween the growth of money supply and

inflation. They note, however, that monetary policy should not that within the OECD those it highlights, however, the be designed to take on the countries with money growth. higher rates tend to have higher average rates of inflation, and this reflects a medium to-long-term relationship between money

Unemployment does not appear to be responsive to mone-tary policy. Thus may reflect the weak relationship between money and output in some countries, and output and employment in others. At face value, this suggest that high rates of unemployment cannot be related to the tight money policies which many OECD countries operated in the early 1990s.

Recent research succests, how ever, that monetary policy may relevant for the equilibrium rate of unemployment and that it may exert an asymmetric influence in being more effective in raising then lowering unemploy

France tackles cash needs of state companies

BY GEORGE GRAHAM IN PARIS

more non-voting securities in over the last two years were order to raise fresh capital.

The broad policy is to maintain ceeds of the privatisations.

remain in the state sector, how company's capital ever, are in need of new funds in State companies were first order to finance their expansion allowed to issue CIs under the

money, according to Mr Pierre
Beregovoy, the Finance Minister:
a capital injection from the state;
the purchase of an equity stake
by another state sector company
capital internal the market.
The first candidate for a fresh issue of Cis is likely to be Rhone.
Poulenc, which has spent around fFr20bn in the past two years on capital investments and acquisi-

FRANCE'S new Socialist Govern-ment is considering allowing state appear unlikely, state-owned companies to issue Most of the capital injections

the broad poincy is to maintain ceeds of the privarisations, the status quo: an end to the privarisations already carried out, day that further issues of non-but no renationalisation of those already privatised.

Several companies which the level of 49 per cent of the remaining the state sector hour.

programmes, especially their last Socialist Government, but overseas acquisitions. They with a limit of 25 per cent of their include the aluminium group capital. Following the privatisa-

include the aluminium group capital. Following the privatisations and the chemicals produced under ducar Rhone-Poulenc.

Some of the state-owned banks, although adequately capitalised for the time being, are also likely to need new funding over the next few years to meet the stiffer prudential ratios now being discussed by bank regulators.

There are three options for putting 49 per cent of the existing. cussed by bank regulators. was not at all the same thing as
There are three options for putting 49 per cent of the existing
state companies in need of capital on the market.

by another state sector company with cash to spare; or a call on the financial markets.

The Government has anounced that it is maintaining the relatively tight FFr115bn (£10.7bn) central government sidiary Institut Merieux in a bid budget deficit target announced for CDC Life Sciences, a Canaby Mr Chirac's administration, so dian insulin producer.



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NOTICE CONVENING THE ORDINARY GENERAL MEETING

The Shareholders of STET-Società Finanziaria Telefonica p.a. are hereby notified that the Ordinary General Meeting will be held in the Conference Room of the Company's headquaters in Via Bertoia 34, Turin, at 9.30 a.m. on the 5th of June, 1988 and, if necessary, a second meeting will be held on the 23rd of June, 1988, at the same time and place, to discuss and resolve the following

AGENDA

- 1. Board of Directors' Report and Statutory Auditors' Report; Financial Statements for the year ended 31st December 1967; relevant resolutions. 2. Auditors' remuneration for the financial year 1987.
- Appointment of Independent auditors for the certification of the Company's Financial Statements for 1988, 1989 and 1990.

4. Appointment of independent auditors for the certification of the Group's Consolidated inancial Statements for 1988, 1989, and 1990. The Shareholders shall have the right to attend the Meeting provided that, at least five days before the established date for the Meeting, they have deposited their ordinary shares with the Company's Securities Department in Turin, Via Bertola 28 or with Head Office in Rome, Corso d'Italia 41, or with any other duly authorized departments, as well as through Mon-

te Titoli S.p.a., for the shares managed by it. Abroad, the ordinary share certificates may be deposited with foreign branches of Italian

for the Board of Directors Michele Principe

The Company's Financial Statements, the relevant enclosures, the reports of the Board of Directors, Statutory Auditors and Independent Auditors, the Group's Consolidated Finan-cial Statements and the relevant Independent Auditor's Report will be available for the Sha-reholders at the Offices in Turin and Rome from the morning of the 2nd of June.

S THIS A PRIVATE FIGHT OR CAN ANYONE JOIN IN?

gainst the background of the no-man's-land that Amakes up much of our cities today, the curious form of sectarianism known as the 'public and private sectors' seems somehow faintly absurd. The split of a 'them' and 'us' is the last thing

anyone needs. The truth is, of course, that people from the public and private sectors are now working together

in ways which were unthinkable a generation ago. The main concept that has made this possible is partnership. And the team that has made partnership work is Loveli.

For Lovell was the first to pioneer, adapt and perfect the process of putting public and private resources together to provide new homes and a better quality of life.

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Of course, the problems of industrial decline and social alienation are complex and difficult.

But what is clear is that what unites us is far more important (and certainly more effective) than what divides us.

Why not ring Peter Rees now so we can talk together about solving your local problems. After all, isn't that the real fight!



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On the date in question, CU's reinsurance company, our International Risks operation and our UK Underwriting Room shut up shop and set up home together under one roof.

And not just under one roof - but on one floor.

Apart from a little domestic haggling over the colour of the carpets, the move passed off without a hitch.

The fact is, our people had been rushed off their feet.

So much so that they desperately needed more room to expand.

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We're calling it, appropriately enough, The London Underwriting Room.

And from now on that's where insurance brokers will find an extensive range of underwriting resources for the commercial market, domestic and foreign, direct and reinsurance.

The same principle as a supermarket, in fact. The three operations, though fully combined, will keep the same teams. (Apart from anything else, there's the annual inter-departmental golf tournament to consider.) Nevertheless, this new facility will provide endless scope for the cross-fertilization of ideas.

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Our experts in the various fields will be able to discuss the problem with him face to face, then actually work together to produce the most appropriate solution.

It's also remarkable how closing a few doors can open up a whole lot more.

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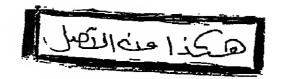
> We won't make a drama out of a crisis.











AMERICAN NEWS

Speculation of tighter monetary policy by Fed

decided to tighten monetary pol-icy in an attempt to head off er inflation.

bond market yesterday, a day growth in the first quarter, the which saw the release of contra-dictory figures on growth and range for Fed Funds and may bond market yesterday, a day which saw the release of contra-

dictory figures on growth and inflation in the first three months of this year.

The bond market's reaction to the figures was confused with traders first responding positively to a downward revision in the GNP deflator, a key indicator of inflation, but then falling in reaction to a strong upward revision in growth to 3.9 per cent from 2.3 per cent reported last month.

Tange for Fed Funds and may now be trying to keep Funds at around tha 7½ per cent level.

Some hond economists were not prepared to commit thamselves to a view on Fed policy until the release late yesterday of the latest Fed figures on reserves.

There were reports circulating in the market yesterday that there had been some problems with the distribution of reserves to several New York banks on

SPECULATION is mounting that the US Federal Reserve has decided to tighten monetary pol-The Fed's failure to operate in the market yesterday morning Fed policy was the major prompted speculation that, in talking point in the US Treasury response to confirmation of rapid

north.

There appeared to be some to several New York banks or Wednesday which had pushed

There appeared to be some scepticism about the low deflator figure, given a run of figures announced during the period showing ateady gains in consumer and producer prices.

Against this background, traders were focussed on a very high Fed Funds rate which the US Federal Reserve made no attempt to bring down by adding reserves to the banking system.

Fed Funds traded at 7% per they do not, we would have to to the banking system.

Fed Funds traded at 7½ per they do not, we would have to cent all morning yesterday and conclude that the Fed has tight-then edged up to 7½ per cent at ened to 7½ per cent."

exports that the real trade def-

icit for the quarter fell from \$42.1bn to \$36.7bn. Consumer demand and busi-

ness investment were hearty as well. Capacity utilisation is already running at its highest

level in eight years and industrial production was up sharply in April.

Economists are also express

ing scepticism about the Com-merce Department's lowering

of the implicit price deflator,

used to calculate the GNP, which fell from 2.4 per cent to 1.7 per cent. They say it con-

siderably understates the quar-ter's inflation rate and they

point to a fixed-weight dellator which rose at 3.6 per cent, as a more accurate gauge.

"The pace of economic growth is much too fast to bring us any relief on the

inflation front and interest rates in the short run." said

Mr Joseph Carson, an econo-

the report reveals a thriving economy. Real personal con-

sumption spending increased

\$26.5bn during the quarter, in

contrast to a decrease of \$16.1bn in the fourth quarter

Durable goods purchased

increased by 12.2bn; non-durable purchases rose by \$3.8bn; and spending on services increased \$10.1 bn, compared

with an increase of \$7.5bn.

Optimism

on troubled

US thrifts

MR DANNY WALL chairman of

Board, told the Senate Banking Committee yesterday that the troubled Federal Savings & Loan

ration chairman, told the same

ing the crisis would ranga between \$20bn and \$60bn and he

suggested that a taxpayer bail-out of the FSLIC would probably

be necessary.

Mr Wall told the committee the

FSLIC would have about \$30bn to

help problem institutions in the next 10 years. He estimated that

\$22.7hn would be necessary to resolve the problems of the 259 troubled thrifts in FSLIC's case-

load, plus another 252 thrifts that

Accepted Accounting Principles

(GAAP) but not insolvent under more liberal regulatory account-

ing principles.

Based on those numbers, and

assuming that other parts of the thrift industry remain stable and

ssuming neither a big increase

in interest rates nor a sharp

downturn in other sectors of the economy, the bank board projects

that FSLIC has adequate,

resources in the near term to

deal with problem institutions,

Mr Wall said.

mist at Chemical Bank. For the short term at least.

Surging exports lift US growth to 3.9%

BY NANCY DUNNE IN WASHINGTON

THE US economy, boosted by surging exports and consumption; expanded hy a robust annual rate of 3.9 per cent in the first quarter of the year, the US Commerce Department

said yesterday.

The expansion of the nation's output of goods and services far exceeded economists' expectations and the Department's original estimate which put growth at 2.3 per

"The economy is on a roll," said Mr Allen Sinal, thief economist for the Boston Co. "It is amazingly strong and resilient for such an ageing expansion."
Mr Sinal said he was revising his estimate of growth for all of 1988 up to 2.5 per cent. Noting the political implica-tions for November's general elections, he said: "It looks like President Reagan is going

real economy."

The report immediately fed concerns about inflation and a further tightening by the Federal Reserve Board. Exports of goods and services increased \$16.7bn in the quarter, com-pared with an increase of 2.6bn in the fourth quarter of 1987, producing the sharpest drop in the trade deficit in

The quarterly trade figures, released by the Department on Wednesday, indicated that the weak dollar had so stimulated

Fresh blow for Bush as aide quits

By Lionel Barber in

FURTHER evidence that Vice President George Bush's presidential campaign is in trouble emarged yesterday when his chief spokesman, Mr Peter Teeley, said he intended to resign.

Mr Teeley, a veteran of three AP-DJ reports from Washington.

We will be a support of the Vice o national campaigns for the Vice His optimistic assessment con-President, accused other Bush trasts sharply with views put foradvisers of cutting him out of ward by other analysts recently.

Critical decisions and limiting his access to Mr Bush, the likely Federal Deposit Insurance Corpo-Republican presidential nominee.

However, it seems equally committee that the cost of resolv likely that Mr Teeley, who favoured a more aggressive campaign style to overcome Mr paign style to overcome Mr Bush's decline in the polls, lost out to other campaign officials who preferred a "wait and see"

Mr Teeley wanted the Vice President to toe a more independent line from the Reagan admin-istration. For example, he ed Mr Bush to distance himself from the US Attorney General Mr Ed Meese who faces a

string of ethics charges.
Other key Bush aides including Mr Craig Fuller, chief of staff, are said to have opposed Mr Teeley, arguing that to break ranks five months before the November presidential election would

mack of panic. Like Mr Bush, they believe that the precipitous decline in his popularity over the past two months will reverse itself once the press begins to focus on the shortcomings of Governor Michael Dukakis of Massachusetts, the favourite for the Democratic

He told the Senate Banking Committee his board was aware presidential nomination. Mr Teeley said he intends to of a recent projection by the Genstay on as spokesman until the eral Accounting Office that the Bush campaign finds a replace-costs to the FSLIC for resolving ment. For the past two months, it problem institutions could range has proved a thankless job with from \$26bn to \$36bn. He said the has proved a thankes low with the bush becoming increasingly GAO's figures did not undermine angry about what he believes is negative press coverage.

GAO's figures did not undermine the board's position that the problems are managable. negative press coverage.

tripped from the lips of US officials dealing with Panama until recently, as

they sought to explain why the military leader seemed to have acquired an option for innumerable extra innings. Over the past six weeks, as Gen Noriega has visibly enjoyed the spectacle of US emissaries shuttling back and forth between Washington and Panama City, he seems to have been unable to realst increasing his demands in response to each apparent concession from the Administration.

Thus, last Friday, he publicly demanded explicit US recognition of Mr Manuel Solis Palma, his handpicked

has been mathematically eliminated but has to play out the rest of the season" was the sort of comment which

BY DAVID GARDNER

negotiations could begin. Earlier, he had insinuated that he would also require the departure of the US ambassador to Panama and his abrasive denuty, Mr John Maisto.

But Gen Noriega's willingness to resist is based not only on a potent survival instinct but on confidence that the three-month crisis has moved in his

Domestically, he has found a level at which the country can subsist despite the ruin of the economy by US sanctions. The opposition, which never had

been reduced to the role of spectator. The Panama Defence Forces, galvanised by fears that it would be politically neutered if Gen Noriega were driven out on US terms, has so far backed his attempts to restructure its command and rebuild its cohesion.

Noriega revels in the role of David to the US Goliath

Externally, Gen Noriega is revelling in the role of David mperial Goliath, noting the shift of Latin American sentiment against a US seen to be destroying the ecocomy of an allied country for reasons it has never spelt out. Furthermore, he continues to believe that he has supporters in the Pentagon, the Central intelligence Agency and even the Drugs Enforcement Administration, upset at the wrecking of a vital strate-

gic relationship in the region.

More tenuously, two of his advisers

claim Gen Noriega has "explicit infor-mation" which could damage Vice President George Bush, the likely Republi-can presidential candidate, whom the General once described as his friend. Two months ago he boasted that he could determine the outcome of the US election, but subsequently laughed this off as a bit of Panamanian psychological warfare.

Indeed, the situation now seems mired in the two sides' "psy-war" and speculation must now turn to whether Gen Nenega has overplayed his hand. Panamanian sentiment had turned against Washington because of its inability to get rid of Gen Noriega by the succession of deadlines it kept announcing as the crisis unfolded. Mr Ernesto Perez Valladares, a former Finance and Planning Minister, secre-

ocratic Revolutionary Party and now an outspoken critic of the general, explained that "you're forced to work in support of an unlikeable guy because the US not only closed all the doors (through the drugs indictments) hut nailed down the windows ithrough sanctions). It's getting to the point in the Panamanian mind where the problem is ccasing to be Noriega and becoming the Gringos".

The Reagan Administration now appears to be banking on the Panamamans, and particularly the PDF, concluding that Gen Noriega has foolishly rejected the politically costly concessions it was prepared to make and will turn on him for, as Mr Shuitz phrased it, "putting his own interest" ahead of his country's.

Fed's 'dilemma' over cheques

expensive form of payment that tronic payments services, which is overused in today's society and steps should be taken to encourage greater use of cheaper electric terms and efforts to improve electronic payments services, which toward electronic payments services, which toward electronic payments services. Mr He suggestime has confident to improve electronic payments to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments are made efforts to improve electronic payments services, which toward electronic payments are made efforts to improve electronic payments are made efforts are made efforts

involved in processing them. The cheque will continue to be overu-remarks were prepared for deliv-ery to a payment system sympo-Given that this is the case, "the

tronic payment methods, Mr two main reasons for "overutilis-Manuel Johnson, Federal Reserva ation" of cheques – the market's Board Vice Chairman, said yes-failure to allocate the cost of float terday, AP-DJ reports from to the cheque writer and banks'
Washington. Mr Johnson said that the Fed to promote use of the most effiis faced with a policy dilemma cient payments method.
given the popularity of paper Mr Johnson predicted that for
chaques and the expense the foreseeable future, "the

simm in Williamsburg, Virginia. foreseeable challenge of the Fed-clated with large dollar payment. This dilemma centres on the eral Reserve and the banking networks, Mr Johnson said. appropriate halance between industry is, therefore, to develop efforts to improve the cheque sys- new processing techniques to currently being debated.

THE PAPER CHEQUE is an tem and efforts to improve electmigrate the cheque system

He suggested that perhaps the time has come for to establish a "sunset date" for institutions to convert to electronic systems, citing the approach taken recently by the New York automated clearing house in its mandate to New York member institutions to convert from manual tape exchanges to data transmissions

Another challenge facing the fed and the hanking industry involves reducing the risks asso-A solution to this problem is

Colombia puts troops on alert

after a meeting of senior army of the country. officials in Bogota.

ordered all armed forces to be put up road bridges, gas pipelines on a state of alert to met any and electricity pylons near Bar-situation of emergency," he said, rancabermeja and in other parts

In several provinces of the quartered in barracks and army north, peasants were trying to reservists could be called up. against violence and Government's "neglect" of rural areas.

The situation was especially provided the Mexican embassy and the election of Cuba, which won demanded to talk with the attor

COLOMBIAN armed forces were tense around the oil centre of put on a state of alert yesterday to face possible emergeocies caused by peasant protest marches in the north of the country, according to Defence Minister General Rafael Samudio, Reuter reports from Bogota.

We have taken all the measures at a military level and have ordered all armed forces to be put up road bridges, gas ninclines.

Capital's public utility services.

Bogota's mayor Julio Cesar Sanchez said the demonstrators appeared to be students of the National University, where violent incidents last week led the rector to call in the army to check entrance to the campus.

Panama was elected to the UN Human Rights Commession

UN Human Rights Commission yesterday, beating Costa Rica in a decisive second ballot after neither candidate received a Under the alert, troops are required majority in the first round, Reuter reports from the United Nations, New York

GLOBAL INTEGRATION OF JAPANESE MANAGEMENT

ADVERTISEMENT

Yamaichi: Tapping into its Global Reach

In line with the heady expansion of Japan's capital markets over the past five years, Yamaichi Securities has emerged as a world leader in securities dealing, fund management and new issues activity. Areas such as funds management and M&A have been targetted for growth, and staffing levels have been expanded.

Now, Yamaichi Securities is increasingly active in world capital markets, offering investors and clients access to its skills both in the Tokyo market as well as in all other major markets

Hitoshi Tanaka, Yamaichi Securities' managing director in charge of Europe and the Middle East, together with Haruo Sato, the head of Yamaichi International (Europe) Limited outlined the group's performance and aspirations.

By Brian Robins



Hitoshi Turska, Managing Director in charge of Europe and Middle East



Harno Sato, Managing Director & Chief Executive, Yamaichi International (Europe) Limited

The confidence of many international investors was shaken after the sharp correction of major equity markets in the latter part of 1987, yet the surge in Tokyo to record levels during 1988 attests to the underlying strength of economic fundamentals in Japan, as well as to the growing importance of Japanese investors to world capital markets.

Tokyo's surge to continue

"My opinion on the future of Tokyo is very optimistic, based on strong fundamentals-both corporate profit trends and currency," argues Hitoshi Tanaka. "Naturally we have very strong domestic liquidity and a very substantial part of this is coming into the Tokyo market. The demand and supply is very favourable." "Last October's slide in New York dealt global markets a painful blow, says Haruo Sato, "but Tokyo's sharp recovery provided us with fresh strength, and we now expect continuing Japanese economic progress, together with strength of the yen and TSE buoyancy to power us comfortably ahead into the

next decade" Underpinning the views of both Tanaka and Sato is the continued strong economic growth in Japan, with real growth of 4.5 per cent projected for 1988, easing a little to perhaps just over 4 per cent

Sato briskly waves away fears that Tokyo may overheat, pointing to projections that Japan's economic strength may push corporate earnings ahead by up to 40 per cent this year, and drive average price earnings multiples of the TSE leaders down by a third.

At the same time, this will enhance Tokyo's attraction as the world's most powerful stockmarket and capital generator, at a time when most analysts expect that the US economy will grow just two per cent, with overall prospects clouded both by continuing budget and trade deficit

Placing power highlighted

"We expect major Japanese companies to seek increasingly to meet capital needs through relatively lower-cost external placings, and also to exploit acquisition opportunities presented by more lowly-rated paper in economies with weaker currencies," he

Yamaichi's placing expertise was well demonstrated earlier this year when it brought a large \$500 million equity warrant issue to market for Nissan Motors. The success in bedding down this issue effectively signalled the re-opening of the warrant market, ending a lengthy histus period since the October stockmarket downturn. Subsequently, Yamaichi has been very active in this sector, bringing a number of successful issues totalling over \$1.6 billion.

Yamaichi's success here parallels its penetration of the Euromarkets, where it is a sizeable player both in the new issues market and the secondary market. Its expertise extends much fur-

ther, however. In line with the diversification of investments of Japan's manufacturers. Yamaichi has expanded its M&A capability.

Cross-border M&A

International M&A is an area of rapidly growing interest and activity for Japanese companies. It is widely recognised that Yamaichi Securities is the leader of M&A activity in Japan and also established M&A teams in the USA (New York) and Europe (London). The European team is the strongest amongst the Japanese securities houses and the most likely to succeed in this fiercely competitive market. The team comprises Japanese and European professionals and advises clients from both

cultures. On the European side, a large number of companies have approached Yamaichi to identify Japanese purchasers and advise on other business tie-up arrangements. On the Japanese side, Yamaichi is recognised as having one of the most powerful corporate finance client bases in Japan. The European M&A team is advising these clients in respect of European acquisitions, joint venture agreements, equity participations and other business

tic-up arrangements. "We have a very strong M&A business in Japan, and Yamaichi is the most active group in this area," says Hitoshi Tanaka. "Now, we are looking much more at cross-border

in Europe, the attraction of the steady integration of EC member countries prior to 1992 is

"We believe the progressive dismantling of frontiers and controls will both attract increasing interest from potential Japanese corporate huvers and parallel interest on the part of smaller and less internationally competitive European companies seeking new strength in the form of friendly and supportive backers," says Haruo Sato.

In line with this, Yamaichi already holds a number of mandates on behalf of European companies seeking potential purchasers.

"In Europe, cross-border business is not developed yet," argues Hitoshi Tanaka. "We have set up quite a big team of specialists in London, so we are concentrating on Europe. Preparation for 1992 is one reason. In the US the market has expanded so much, that we thought Europe would provide the next opportunities."

Corporate finance strength

A natural adjunct to Yamaichi Securities' rapidly expanding M&A

capability is its work in the field of corporate finance, assisting clients to tap the Euromarkets. Yamaichi has successfully developed a number of specialised products on behalf of clients, and sees its activities here belging to open the door in servicing clients in other fields. In this regard, Yamaichi sponsored a number of prime European banks in their Tokyo Stock Exchange listing, such as Standard Chartered Bank, Commerzbank and Credit Suisse.

"We want to help our customers satisfy all their capital needs on the best possible market terms, and place their investment resources where they can count on generating optimum rewards at minimum risk." Haruo Sato savs.

In this regard, Yamaichi re-cently lead-managed a ¥30 billion issue for European Investment Bank, a \$160 million raising for CNT of France, ¥15 billion for Bank of China and a number of swap-driven private placements.

Funds management skills

One important business area targeted for further substantial growth within Yamaichi Securities is funds management, where the group has forged a number of strategic links which are now bearing fruit.

Yamaichi Securities is actively canvassing European groups for mandates, with considerable success. Yamaichi Capital Manage-

ment (Europe) Co, which is one of their operations, managed the fund for a number of UK and European pension funds. In addition. Yamaichi-Murray Johnstone Limited, a joint venture with the Murray Johnstone Group, has been set up, providing international investment advice for worldwide portfolio management.

In a recent strategic move, Yamaichi also teamed up with a Thai Bank and a number of South Korean securities houses for the placing of an issue by a newly launched Thai investment fund, clearly signalling the global reach of its expanding operations. Similarly, it has teamed up with a number of medium-sized securities groups in the US, to aid in the distribution of securities.

For foreign investors the role of Japanese advice is of increasing importance, given the resilience of its capital markets over the past six months.

Equally, Yamaichi is seeking to expand its role in equity markets worldwide, with London a clear

"In London, we are building up our UK and European equity business, servicing not just Japanese investors, hut also European institutions as well as Australian and Asian investors" says Hitoshi

"Also, we are now assessing the importance of UK gilts which has been a relatively modest part of Yamaichi's overall activities. But, being in the UK, we want to be a major player. The market is already very competitive and margins are thin, so we need to huild up our institutional client base in order to develop our business in this area!"

"However, we are already active and strong in Euromarket trading and expanding further into gilts forms a natural extension?"



Yamaichi International (Europe) Limited 111-117 Finsbury Pavement, London, EC2A 1EQ, U.K. Tel: (01) 638-5599 Telex: 887414/8 YSCLDN G

Gadaffi launches peace initiative for **OAU** summit

BY VICTOR MALLET IN ADDIS ABABA

e surprise initiative aimed at reconciliation with Chad and other African countries.

An announcement by Col Gadaffi that he had decided to recognize the Chad Government and to release Chadian prisoners of war received a cautious welcome from Chadian President Hissene Habre. Col Gadaffi described his offer

as "a gift to Africa" when he met African amhassadors in the Lib-yan capital Tripoli on Wednes-day, the 25th anniversary of the Organisation of African Unity. According to a message sent by Col Gadaffi to the OAU summit in Addis Ababa, Chadian prisoners would be released to be repatriated by the OAU.

Libya has also declared its

readiness to restore normal rela-tions with seven other African countries, including Zaire, Ivory Coast and Kenya, once regarded as hostile because of their ties with Israel. Kenya, however, immediately denied that relations

President Habre, who is attend-ing the OAU summit, welcomed the offer but warned that the Libyan leader was apt to make con-tradictory statements. He expressed little enthusiasm for expressed little enthusiasm for Col Gadaffi'e proposal that he should meet the Chadian opposition of our continent has considerably deteriorated," he said. Should meet the Chadian opposition leader, Mr Goukouni Oued
"Signs of economic depression are prevalent everywhere."

THE LIBYAN leader. Colonel dei, in Tripoli, and he rejected Muammar Gadaffi, has launched such interference in Chadian

Chad and Libya were at war last year until an OAU-brokered ceasefire in September, and the Aouzou strip between the two countries is still disputed terri-

A six-nation OAU committee

seeking to resolve the dispute decided this week to avoid makdecided this week to avoid making e final judgment. The committee chairman, President Omar Bongo of Gabon, said: "I know they (Chad and Libya) wouldn't have agreed to the solution which might perhaps have been proposed." Instead he urged the two leaders to restore diplomatic relations, exchange prisoners and decide between them whether to decide between them whether to refer the dispute to international arbitration or to the OAU itself. At the opening of the summit yesterday President Monssa Tracre of Mail, one of the world's poorest countries, was elected by acclamation as the new OAU chairman. He replaces President Kenneth Kaunda of Zambia, who

left the job weeping - as is his wont - about violence in South Dr Kaunda gave a gloomy assessment of his 10 months in office. "The social and economic

Philippines reports 7.6% first-quarter GNP growth

GROSS national product in the tion spending bankers said. The increase pared with 5.5 per cent in the same period last year.

The figure, released by the National Economic Development Authority (Neda) yesterday, follows statistics showing a five-fold increase to 9.3bn pesos (\$440m) in investments registered with the government Board of Investment and sharp increases in sales from companies such as San Miguel Corp, the country's dominant

The investment figures are distorted by registration of invest-mants that have yet to take place, such as e proposed \$220m Taiwanese petrochemical com-

They show, however, that the economy is still riding a strong

11 per cent in private construc-

tion spending, mainly in Manila,

The increase in economic activimports more quickly than exports have grown. Imports grew by 23 per cent over the previous quarter, mainly due to capi-tal goods and raw material

per cent, Neda said. Meanwhile, finance department officials hinted that the country may turn to its creditor bankers towards the end of the year for new borrowings, principally to meet the expected budget deficit.

Late last year, the Philippines completed a debt rescheduling

agreement with its 483 creditor banks covering \$12.3b of its \$28b debt. At the time the Philippines said it would not need new

money antil 1989.

The Philippines will pay \$1.4bn in debt servicing this year, consumer-led recovery. in debt servicing this year There was also an increase of according to the finance depart

Third of Afghan farmland 'destroyed'

By Christina Lamb in

THE TRUE extent of the destruction of agriculture in Afghanistan, the basis of the economy, is slowly emerging as the Soviet army withdraws

from the country.

At least a third of the land has been destroyed. On the farms that are still worked, yields have dropped by 35 per cent, mainly because of lack of fertilisers and new seed and because of the destruction of

trigation channels.

The number of cattle has decreased by 55 per cent, the number of goats and sheep by 66 per cent and the number of horses by 45 per cent.

There is an urgent need to find 400,000 to 500,000 pairs of

oxen, crucial to the 80 per cent of farmers who rely on them for ploughing and tilling. The scale of destruction has

emerged from a survey con-ducted under the supervision of Dr Azam Gul, former chairman of the Department of Agronomy at Kabul Univer-

Around 20,000 farmers were interviewed inside and outside Afghanistan by 68 trained Afghan refugees who travelled the length and breadth of the country during the last year.

They found that food production had declined to nearly half the level before the Soviet invasion in December 1979. Dr invasion in December 1979. Dr Gul says: "This is because of the largely unreported war against the agricultural sys-tem, involving the deliberate systematic destruction of ani-mals and agriculture in the 80 per cent of the country con-trolled by the resistance."

One of the most difficult obstacles to the reconstruction of agriculture is the number of mines planted by all parties to the war throughout the coun-try. Dr Gul estimates that between 3m and 5m mines need to be cleared.

Dr Gul estimates that recon-

struction will cost between \$1.5bn and \$4bn and says it will be at least three years will be at least three years before the rural economy can support the population. He warns that if steps are not taken to ensure a gradual repatriation, returning refugees will face mass starvation. At present, however, the refugees show no signs of going home. Ten families from a camp near Peshawar left Pakistan e month ago but have returned because they found such destruction in their villages. Andrew Whitley reports on the forced closure of a Hebrew-language newspaper

Muzzled press becomes Israeli cause celebre

IN DEATH, Derech Hanitzotz has achieved far wider fame than it ever did in life. The bi-weekly Hehrew-language newspaper (claimed circulation 1,500) and its sister publication in Arabic (an occasional print run of 3,500) never changed hands much beyond the circles of the 1960sstyle Trotskyists responsible for their appearance on the streets. But since the newspapers' forced closure in February and the subsequent arrest of six of their workers — including the Jewish Israeli publisher and editors - on charges that they were working for an extremist Pales-tinian organisation, the case has grown into a course celebre whose ramifications go well beyond the freedom of the press.

Among the issues raised is the

A press photographer is attacked by an Israeli soldier in the West Bank. Restrictions were later imposed on coverage

security case.

The whispered accusation that cia Langer, the lawyer defending the Jews arrested were all linked the Derech Hanitzotz journalists, to the radical Democratic Front The six were picked up one at a for the Liberation of Palestine —

Israeli press, to assure worried about the treatment she had editors that this was a genuine received.

received.

A fringe group of Israeli radicals has always firited with the Palestinian left and with internathe ultra-leftists reached their time over the past three months and were therefore undeserving apogee of national respectability and reportedly subject to severe of public sympathy – was in 1969, winning two Knesset interrogation procedures, includ-planted long before charges were seets. But their anti-establishing prolonged periods of sensory finally brought against four deprivation.

All the while, leaks about their alleged activities were carefully spread in the normally vigilant charged, complaining bitterly series. But their anti-establishment platform, based on an end to the occupation of the territories Israel captured in 1967 and a willingness to deal directly with the Palestine Liberation Organi-

The crackdown - on both the territories.

The israeli press, on balance, has given a very good account of itself over the past six months. exposing many buman rights abuses by soldiers in the West Bank and Gaza Strip. But it has Bank and Gaza Strip. But it has network NBC, for ignoring cen-been careful to endorse unequivo-sorship regulations.

sation, was never likely to cap cally the right of the Government ture the political middle ground. to restore its authority over the

jel

The crackdown - on both toe extreme left and the Jerusalembased Palestinian press - began meetings with the powerful adison after Mr Yitzhak Shamir tors' committee, the Prime Ministers' committee, the Prime Ministers' soon after Mr Yitzhak Shamir tors' committee, the Prime Ministers began his second term as prime ter's office has successfully kept coverage of the usrest within safe limits. When the Arabic language communist delity Al litthad portfolio, giving himself direct responsibility for all security related matters inside Israel, including annexed East Jerusalem.

including annexed East Jerusalem.

Beginning with the expulsion in November 1986 of Mr Akram Haniye, editor of the popular daily A-Sha'ab, the once lively Arabic-language press has been increasingly muzzled. Today, the four main dailies have been so tamed that West Bank Arabs are forced to rely for news about the unrest in the occupied territories on the Arabic service of Radio Monte Carlo and on clandestine Palestinian radio stations.

Since last December at least 30 Palestinian journalists, including a member of the Derech Hanitzotz staff, have been placed in administrative detention: imprisonment without trial, or the right of appeal, for six months. The weekly Al Awdah, a mainstream, pro-PLO publication, has had its license withdrawn and its sister news agency, the Palestine Press Service, has been summarily

news agency, the Palestine Press
Service, has been summarily
closed down.

The israeli press, on balance, has given a very good account of fies the recent suspension of the credentials of two foreign jour-nalists, representing The Wash-ington Post and the US television

US warning to Singapore

By Roger Matthews in

THE US warned yesterday that the constant repetition by Singapore of baseless charges against it and its diplomats could only damage relations.

willingness of the anthorities to

tolerate overt political fraternisa-tion between Jewish and Arab

dissidents in the midst of the most serious Palestinian uprising for half a century. Another is the

growing intolerance being dis-played by the Shin Bet security

revolutionary left.
"What is important is the way

in which the entire investigation has been handled," said Mrs Feli-

In its strongest statement since Singapore demanded the with-drawal three weeks ago of a US diplomat accused of urging Singaporeans in private to become opposition candidates in the general election, the State Depart. eral election, the State Depart-ment again strongly denied that it had in any way interfered in Singapore's domestic politics.

"The public campaign being waged by the Government of

Singapore and its allegations of wrong-doing are groundless," it said. Attacks on US diplomats were "gratnitons and

Brigadier General Lee Hsien oong, the Minister of Trade and Industry, has again hinted of a plot by the US Central Intelligence Agency and described American interference in Singa-pore as "blatant".

Boost for Sino-Soviet relations

THE WITHDRAWAL of 50,000 Vietnamese troops from Kampuchea could clear the way for the normalisation of relations between the Soviet Union and China, with a new round of talks to be held next month, officials said in Moscow yesterday.

The sudden announcement of the Vietnamese withdrawal, made in Hanoi, is seen by observers in Moscow as directed more towards improving relations with Peking, than as a gesture for the OS-Soviet summit meeting which begins on Sunday. Mr Mikhail Gorbachev, the

Soviet leader, has several times invited Mr Deng Xiaoping, the Chimess leader, to meet him anywhere at anytime, suggesting the withdrawal of the remaining the Chi
where at anytime, suggesting that they should meet to iron out miles from the Thai border, puchea.

BY JIM JONES IN JOHANNESBURG

closed in Cape Town yesterday by Mr Stoffel van der Merwe, the Minister of Information, who said a brake would be put on the store of t

They add that intervention would ing since the latter part of 1987 be contrary to the Government's sucked in imports which, in turn,

own commitment to economic narrowed the trade surplus and

The cabinet's decision appears to meet this year's foreign debt

the government's decision to

Bankers in Johannesburg say

direct intervention could severely distort the economy and would

have to involve credit rationing. They add that intervention would

increases in interest rates.

of increase.

problems rather than insist that would both reassure Thailand, problems rather than insist that the problems be resolved first.

But Mr Deng has always refused, saying that Moscow had to resolve soma major problems, notably Kampuchea, beforehand.

Although there was some scepticism in the West about what the approximation of the support was always and encourage Peking to open talks with Hanoi on the normalisation of relations.

As for Soviet-Chinese relations, he agreed that these still the approximation of the cut-talking leaves of willitary controlled.

the announcement really means, it was warmly welcomed in Moscow yesterday by Mr Igor Rogachyov, the Deputy Foreign Minister responsible for Asian relations, although he insisted that the Soviet Union had not tried to bring any pressure to bear on the Vietnamese and Kampuchean governments.

Pretoria moves on interest rates

SOUTH African bankers have to be politically motivated and repayment commitments.
been thrown into confusion by seems to fly in the face of the The Reserve Bank itself has

Reserve Bank's plans for small

rates during the remainder of

cent from 10.5 per cent. This was immediately followed by increases in lending rates

charged by the commercial

Sharp rises in consumer spend-

threatened the country's ability

intervene to prevent sharp though frequent increases in in the bank rate is possible

dependen on settlement of the constanding issue of military confrontation along the Sino-Soviet border. The Chinese Government has always said that normalisation of relations would depend on the removal of the "three obsta-cles": the Soviet occupation of Afghanistan, Vietnamese occupation of Kampuchea, and the con-centration of Soviet troops along the Chinese frontier. Of these, the Chinese have increasingly stressed the occupation of Kam-

indicated that e further inci

towards the end of Jone, to be followed by another later in the

Mr Van der Merwe sald specu-

Dr Gerhard de Kock, the

Reserve Bank governor, hopes higher domestic interest rates will persuade importers to use foreign trade finance and that

this would relieve pressure on

the current account of the bal-ance of payments towards the

including Mr Malan, say the opposition should take advantage of Mr Botha's limited extension

lation on interest rate increases was unhealthy as it could become

self-fulfilling.

end of the year.

Joint peace force pact for Beirut

SYRIA and Iran have at last SYRIA and Iran have at last agreed on the intervention by a joint Lebanese-Syrian diaengagement and observation force to halt 20 days of hitter and bloody conflict between the rival Moslem Shi'ite factions, Amal and Hizboliah, in the enthern where of Relthe southern suburbs of Bel-

Mr Nahih Berri, the leader of the mainstream Amai movement, announced in Beirut on his arrival from Damascus that "Syrian Arab forces and Lebanese internal security forces (police) would start deploying in the suburbs as of tomorrow (Friday) to stop the fighting."

An independent Iranian observer said that the Syrian and Iranian heads of state had agreed on e "radical solution to the tragedy of Beirut's Amal more than 80 per cent of the battle-scarred slums to the Tehran-backed Hizboliah.

The breakthrough in stalled negotiations involving Amal. Hizbellah, and senior Iranian and Syrian officials signalled an end to the plight of some 600,000 people driven out of their homes by the intensity of

Sheikh Mohammed Hussein Fadlallah, the leading Shi'ite cleric, said the solution was probably "crafted in a manner to save face for all parties concerned" and axpressed his belief that the force involved would be mostly symbolic.

involving observers rather than troops.

The independent Iranian observer who had spoken with Iranian officials said that a detailed plan had been drawn up to dispatch a "disengage-ment and observer force" to ment and observer force to separate the warring factions. Hizbollah fighters in the suburbs told reporters they had received word mofficially that no Syrian troops would enter — only "Syrian military observers and Lebanese gendamen" known in Referent

darmes", known in Beiret as the internal scenrity force.
While the specifics of the

security arrangements of the not spelled out, the formula of observers and police as an ini-tial peace-keeping force, was seen as satisfactory to all sides. Mr Selim Hoss, Lebanon's

acting premier, visited the Syrian capital on Wednesday and is reported to have made an official request to the Syrian leadership to devise a security plan for the suburbs.

ANC holds more secret talks

PROMINENT white anti-spartheid South Africans met mem-bers of the ontlawed African National Congress in strategy talks in a Frankfurt hotel yester-day, Reuter reports from Frank-

White member of parliament Mr Wynand Malan headed the group of seven South African politicians, journalists and academics defying a government ban on contacts with the banned nationalist group.

Mr Malan told reporters on

arrival from Johanneshurg yesterday that the meeting forms part of a series on talks "with all relevant groups of South African

society".
"I don't expect any detailed results from this meeting," he said. Mr Malan is a defector from President P. W. Botha's ruling National Party. He heads the National Democratic Movement, a political grouping that opposes ment has with the ANC.

Mr Stoffel van der Merwe, South Africa's Information Minister, yesterday re-stated Pretoria's determination that 17 restricted organisations affiliated to the United Democratic Front will not be allowed to participate in local elections scheduled for October. The organisations were restricted to February as part of the Government's crackdown on opposition groups.

apartheid both within parliament Despite government threats to confiscate the passports of dissidents who talked to the ANC, a

group of whites met the group's leadership in Dakar, Senegal, last year for the first time.

Mr Malan said he did not expect to resolve all differences his National Democratic Move-

of voting rights to try to take over local and central government, a strategy rejected by the Mr Malan said he had met for mer Progressive Federal Party leader Mr Frederik van Zyl Slab-bert on the flight from Johannes

bert on the flight from Johannesburg.

Mr Slabbert, who led the Dakar
talks, has held aix secret meetings with the ANC this year.

In Johannesburg, Mr Alex Boraine, who helped organise the
Frankfurt talks, said Mr Slabbert
was meeting the ANC separately.

Mr Slabbert and Mr Boraine
resigned their seats in parliament
and on the liberal PFF in February 1986 to found a private thinktank, the Institute for a Demo-

tank, the Institute for a Demo-cratic Alternative in Sonth

Mahathir assails coalition foes

BY WONG SULONG IN KUALA LUMPUR DR MAHATHIR MOHAMAD, the sions were "not unexpected" and

moving towards a final break against Dr Mahathir and to with his opponents and dissi- revive the old Umno. dents within the ruling United Malays National Organisation, Umno, apparently in full control after widespread detentions of Government critics last October. He has announced that those opposed to his new Umno party

It is estimated that as many as 20 of the 83 Umno members of perliament, including Dr defeated Mr Razaleigh last April, Mahathir's arch rival. Tengku and has since degenerated into a Razaleigh Hamzab, will be spate of court suits by both sides.

Mr Razaleigh said the exput- siders that the old Umno party more than \$550m in assets.

Malaysian Prime Minister, is vowed to continue his fight The power struggle within

Umno, the dominant party in Malaysia since independence, has been protracted, convoluted and bitter, and has split the Malay community down the middle. It emerged with the resignation

or who refuse to join it, will be sacked from the ruling coalition, the National Front.

of Detuk Muse Hitam, Dr sacked from the ruling coalition, Mahathir's deputy in February 1986, culminated in the closely contested Umno presidency in which Dr Mahathir narrowly Dr Mahathir has said he con-

was dead from the time it was declared an unlawful society by the court last February. He has formed his own party. new Umno, which he maintains is the successor of old Unmo.

However, his opponents say new Umbo is an entirely different creeture from the old Umno. Among other things, the rules of the new party are such that it is almost impossible to defeat the incumbent president, especially if he is the Prime Minister as well.

The Mahathir and Razaleigh factions will clash again this Sun-day for the control of the Umno co-operative, Kooperasi Usaha Bersata Malaysia, which has

Japanese industrial output down in April By Stefan Wagstyl in Tokyo

STEEL and chemicals companies shutting down plant for repairs and maintenance were blamed for a fall of 0.5 per cent in industrial output in

Japan in April.
The Ministry of International Trade and Industry said yesterday that the closures were "special factors". The ministry forecast that the May figure would also be down by 0.7 per cent - because of "Golden Week", a week of hel-

idays.

However, the basic trend
was apward. Output in June
would rise 1.4 per cent, Miti

East Rand Gold and Uranium Company Limited

(Incorporated in the Republic of South Africa)
Registration No. 71/07001/06

Overall results boosted by the new Daggafontein plant

Extracts from the review by the Chairman Mr E P Gush

Financial results and comments

This has been a reasonably successful year for your company and profit available for distribution increased by 15 per cent to R49.6 million. This was the first year of production for the new Daggafontein plant and consequently overall results were significantly affected – gold production increasing by 27 per cent to 11 026 kilograms. Revenue from gold and silver increased by 36 per cent to a new high of R327.9 million and total operating costs increased by 39 per cent to R227.0 million. Overall profit margins narrowed as the rand gold price increase of only 8 per cent was lower than the increase in working costs.

Operating profit was R7.6 million lower at R109.1 million and taxation at R16.7 million was significantly higher than the previous year's largely because capital expenditure was almost halved to R45.7 million. Of this, R4.0 million was provided by the remaining balance of the debenture funds raised in 1984 for the purpose of financing Daggatontein and other projects. Taking into account loan repayments of R1.4 million, a total of R43.1 million was appropriated from current earnings leaving R49.6 million available

Most of the capital expenditure was incurred to austain operations at Ergo Division although a large amount was also spent on the completion of the Daggafontein project. Expenditure in the current year is expected to be R51.3 million, of which R43.8 million will be

spent by the Ergo Division. It is expected that during the current year throughput in all divisions will increase slightly, with a concomitant increase in gold

The average London gold price fixings continued their upward trend and the average fixing for the year to March 31 1988 Increased by 20 per cent over the previous year, to \$459 per ounce. This increase in the price flowed largely from the continuing decline in the value of the US dollar, which fell during this period by 9 per cant and 14 per cent against the Deutschemark end tha Japanese yen respectively. Against this background of a weakening US dollar, the rand also strengthaned during the year to a high of R1.92 to the dollar at the end of 1987, thereby reducing the beneficial effect to South African producars of the improved doller gold price. As a consequence, the average gold price received by Ergo for the year to March 1988 was R29 678 per kilogram, only 8 per cent up on the price received for the previous

Physical demand for gold in 1968 has been strong, particularly in the Fer East, where Jepen continues to import gold for both investment and jewellery purposes, end where changes in both government policy and tax legislation in Taiwan have given rise to very substantial gold purchases by that country in recent months. However, with newly-mined gold forecast to continue to increase in coming years, the role of the investor remains crucial to the

absorption of surplus builtion on the market. In this respect the role of gold as a supplement to investments in the stock and bond markets, and as a hedge against currency fluctuations, is becoming increasingly important and is encouraging that the additional aupplies brought on to the market recently have been

The uranium market will continue to lack direction while the 1986 US court order forbidding the purchase of non-US uranium by American utilities remains under appeal, although the draft US/ Canadian Free Trade Treaty, if ratified, would do much to nautralise market distortions caused by this embargo by guaranteeing Canadian uranium access to the US market. Both the outcome of the US court case and the ratification of the trade treaty are expected during 1988. Prices of uranium oxide have somewhat during the past year and are not expected to firm in the

Uranium sales by Ergo returned to lower levels during the year

Sulphuric acid sales were maintained at previous levels, although the fertilizar industry remains depressed, with considerable underutilisation of production capacity. The ongoing problems in this industry make it likely that prices for sulphuric acid will remain

Industrial relations

Angle American Corporation maintains its belief in the need for and role of responsible unions but is increasingly concerned about the pattern of violence, Intimidation and work stoppages. The Corporation will continue to engage the NUM on the strict adherence to agreed behaviour and codes of conduct in order to safaguard individual workers' freedom of association and choice in the workplace, and ensure that the violence and intimidetion associated with labour disputes can be properly dealt with.

The Anglo American Group Employee Shareholder Scheme was launched in March 1988. The response from eligible amployees at Ergo has been gratifying and to date over 90 per cent have elected to take up the offer of five Corporation shares at no cost to themselves. The scheme, which is aimed at enabling employees to participate in the process of wealth creation and enterprise ownership, will initially run for five years with the number of shares to be issued being determined from year to year in the light



London Office: 40 Holborn Viaduct EC1P (AJ.

Yeutter presses for Uruguay talks mandate

MR CLAYTON Yeutter, the US
Trade Representative, will seek see the round collapsing. It will suthorisation from Congress to negotiate in the Uruguay round

Mr Yeutter's plea is not likely negotiate in the Uruguay round of international trade talks, even if Congress fails to pass a second trade bill containing that author-

Mr Yeutter said the authorisa-tion was vital to the success of the round, under the General tsen, the trade bill's chief sponsor Agreement on Tariffs and Trade. He would also seek authorisation for US adoption of the new interwanted a trade hill. the round, under the General nationally-approved harmonised

He tacitiy acknowledged the likely to happen until after the difficulty of getting a second trade bill through Congress this year, just a day after President three more votes "and I don't Ronald Reagan vetoed the first one, which had contained the mandate for the Gatt talks.

In another action, Mr Yeutter,

US modifies its stance on farm subsidies

Gatt fosters freedom

in services trade

THE SHAPE of an international agreement to liberalise trade in services is starting to emerge from the Uruguay Round of the General Agreement on Tariffs tome markets to foreign purvey.

pants readily assure a still rather sceptical outside world.

Last week's meeting thus gave only small justification for West-

and Trade. Or so western partici- ors of financial services.

BY DAVID BUCHAN IN ATHENS

THE US yesterday modified its and that the US was prepared to stance in trade negotiations be flexible. under the General Agreement on Tariffs, and Trade that all farm The real problem was getting the EC to agree on a long-term goal on agriculture trade. subsidies be phased out over 10 years, while retaining its goal for long-term reform of world agriresponse to the apparent US olive branch from Mr Frans Andriessen, EC agricultural minister, who addressed the congress after

Addressing a congress of European grain traders in Athens, Mr Richard Lyng, US Agriculture Secretary, said the US would like to hear some long-term alternatives to the US plan from its negotiating opponents, chiefly the European Community, in the er-term solutions on agricultural trade whose "benefits would come sooner rather than later". Uruguay round of the Gatt talks.

He invited the EC to propose a longer phase out period than the 10 years called for by the US and over which subsidies would be required to be reduced by less than 100 per cent.

than 100 per cent.

Mr Lyng has already hinted been told the European negotiation was not engraved in stone know it."

sceptical outside world.

They are pinning their hopes on a paper presented to Gatt service negotiators last week by the US, which has drawn negotiators from the industrial world closer transfer them.

together, though it still begs the question of how to draw develop-

ing countries into the liberalisa-In its paper the US laid out e three-step approach to the liberal-

isation process, which, in con-trast to its previous broad-brush approach, went a considerable

way towards reconciliation with the gradualism advocated by the

European Community (EC) and

other industrial countries.
Under the new US proposal, negotiators would seek first to agree on a general set of rules for liberalising service industries.

liberalising service industries.

Following the US presentation, one European delegate declared that, by taking building blocks from US, EC, Canadian and Japanese proposals, it had become possible to develop a consensus.

This consensus, however, is still confined to the rich countries of the Organisation for Economic Co-operation and Development (OECD). Only lip service has been paid so far to the interests of the developing countries.

The US and its allies want Third World nations to state now which of their services industries they would agree to include in a

they would agree to include in a multilateral agreement. Develop-ing countries want to know the

contents of the agreement before

To make it easier for govern-ments not willing to compromise

their positions openiy at this stage, the US last week suggested that they notify anonymously the

Gatt secretariat of those sectors

they would like to see covered by the liberalisation process.

A list could then be compiled

of service sectors which most

governments were prepared to see opened up to international

should it also include transac-

tions that involve moving factors

of production, labour or capital,

they define sectors.

to meet with success. There is bitterness in Congress over the President's veto of the bill, which took three years to produce. Sen-ator Robert Byrd, the majority leader, and Senator Lloyd Ben-

Senator Bentsen is still hoping to overturn the veto in a vote not likely to happen until after the Moscow Summit. He has, however, acknowledged that he needs

mandate for the Gatt takes.

Mr Yeutter said a failure by acting on a complaint filed by Congress to grant negotiating Florida citrus growers, has authority this year might mean a ordered an investigation of delay in completing the trade Japan's import restrictions on

There was no immediate

Mr Lyng.
The EC official stressed the community's long-term commit-ment to its internal agricultural

reforms, but stressed that the EC was still more interested in short-

A spokesman for the US Trade

Representative said the EC's short-term proposals to reduce production did not address the

ern optimism that progress can

be achieved.

Nevertheless, negotiators for the industrialised nations argue that much ground-clearing has been done. Even governments

originally hostile to embarking on the project, such as India and Brazil, have become enmeshed in

deliberate negotiations aimed at bridging the

gap between rich and poor nations in an economic liberalisation

Some are optimistic that they will have a description or outline of an agreement ready for the crucial mid-term review of the Uruguay Round in December. This, they believe, would allow trade ministers to commit their

governments to negotiating an accord on services by 1990.

Last week's meeting also discussed papers from the International Telecommunications

Union (ITU), the International Union (ITU), the International Civil Aviation Organisation (ICAO) and one on shipping from the United Nations Conference on Trade and Development,

detailing existing international arrangements in these three key

services areas.

The ITU and ICAO papers left several Gatt negotiators with tha impression that these organisations are so entreuched as to be

impervious to liberalisation

flict of interests may have been signalled. The FFU's conference to be held at Melbourne at the end of this year aims at adopting a new regulatory framework for

At some time between now and

the mid-term review in Decem-

ber, this activity must jell into an

agreed text for a declaration by

trade ministers. At the very least

that should spell out the balance of interests between the Third World and the industrial coun-

In telecommunications, a con-

services areas.

competition.

Development is one of several fundamental unsettled issues that were not dealt with at last week's negotiating session. The others include a crucial issue of definition: should liberalisation be limited to cross-border sales or chould it also include transactometrics.

end of this year aims at adopting a new regulatory framework for all new international telecom services. High-tech services nsing telecom networks — the so-called enhanced services — are a key target for liberalisation under Gatt.

At some time between now and

William Dullforce reports on hesitant and

talks.

"At some point, our negotiating partners will become frustrated. With the lack of author-limits are not eased soon. South Korea had grown rapidly, and warned Koreans against holding to a traditional policy.

US presses S Korea to open its markets

By Lionel Barber in Washington

THE Reagan Administration yes terday stepped np pressure on the Seoul government to open its markets and cut its current account surplus.

Mr Charles Dallara, a senior US Treasury official, urged South Korea to liberalise its trade policies, let its exchange rate appreci-ate against the dollar, and scrap curbs on direct foreign invest-

Mr Dallara's comments to the US-Korea Society in New York amounted to a bineprint for change covering the equity market, agricultural produce, banking, footwear and steel.

He singled out the Seoul's pol-icy of letting the won depreciate, to boost exports. "Korean produc-ers do not need extra advantages to remain competitive in the world economy," he declared. South Koreans' savings rates

\$9.8hn in 1987. This suggests the need for Korea to review its poli-Mr Dallara noted that the trade imbalance between the US and

had created current account sur-

Epson hits out in EC anti-dumping row BY TERRY DODSWORTH, INDUSTRIAL EDITOR JAPANESE companies are not usually given to strong public protests about moves such as unactardar's negotiational anti-

terday, it was leaving no room for doubt about its anger over the European Commission's decision.

The dumping action made no sense, said Mr Don Pinchbeck, sense, said Mr Don Pinchbeck, ing case; and now customers are Epson's UK managing director. It was hitting the Japanese even though their prices were higher than those of other South East Aging manufacturants.

Charge decause of the anti-cumps share today is negligible.

According to the European Commission, the Japanese producers now have 73 per cent of the frustration of Japanese commission, the Japanese producers now have 73 per cent of the frustration of Japanese commission, the Japanese producers now have 73 per cent of the frustration of their trading partners in an induction. Asian manufacturers; It was supposed to be helping

were invisible in the market At that time, the printing busiplace; and it would make printers ness was mainly concentrated on
Europe much more expensive large machines, but the develop-

protests about moves such as anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday's provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties, Japanese for smaller personal units that yesterday are provisional anti-dumping duties. printers.

But Epson, the world market of Epson's models was selling at leader in this sector, is e smallish private company with, it explains, somewhat more freedom than most to comment. Yes.

Substantially more in Europe screen.

The Japanese, led by Epson, moved into this business, selling on a world scale, and quickly establishing a dominant position.

No local series of the comment of the substantially more in Europe screen.

The Japanese, led by Epson, moved into this business, selling on a world scale, and quickly establishing a dominant position.

"What is the poor European have moved into Europe.

consumer going to do? We have imposed these highly profitable prices which we don't want to in this area that their market charge because of the anti-dump- share today is negligible.

trading partners in an industrial area where the Japanese specisector which they virtually alise, the percentage is probably invented at the end of the 1980s. more.

nto Europe.

Epson started with a plant in France in 1983, but since the anti-dumping moves began in 1986, the investment drive has become a flood.

These moves have resulted in a massive restructuring of the European industry," says Mr Al Springsteel, an analyst at Dataquest. "Up to a year ago there were 15 dot matrix printer manu-facturing plants in Europe. In the last 12 months, the Japanese have put up another 10. Mr Springsteel calculates that

the UK will eventually emerge as the main beneficiary, in terms of factories and jobs, of this flow of

large machines, but the develop- cess was not regarded kindly in have about 30 per cent of the by about \$12m a year.

Other leading producers are

Star, Oki, Brother and Citizen. Elsewhere in Europe, the main investments have been in West Germany, Spain and Holland. The speed of this investment

has been dictated by the fear that local manufacturing will be no protection against the anti-dumping levies The Japanese managers are aware they need to increase the

local content of their European products to levels where they will not be eligible for import duties. To do that, they say, takes

Epson says that if n has to pay duty on its UK-produced prod-Epson, which is estimated to ucts, it will increase us outgoings

Boeing wins second 757 airliner order in two days

BY RODERICK ORAM IN NEW YORK

Japanese manufacturers.

United Airlines, the Chicago-based carrier owned by Allegis, said it would huy 30 757s with options for 30 more. They will be powered by PW2000 engines made by the Pratt and Whitney engines, however, for e variety of reasons, including commonality of parts since most subsidiary of United Technologies of the US. The total value of the same manufacturers' engines.

BOEING yesterday won its sec- 60 aircraft, engines and spares ond large order in two days for was more than \$2bb. United said.

757 airliners, virtually guaranteeing both the success of the model and the demise of its 7J7 project which it had been pursuing with Japanese manufacturers.

American had praised the British engines and spares was more than \$2bb. United said.

American Airlines had ordered by Rolls-Royce engines.

American had praised the British engines as the the most reliable engines as the the most reliable.

Rolls Royce said it had com-peted for the order but had no immediate comment on the out—more 757s but was unable to huy

United will finance the Boeing structure. United, which is the purchase in part by the sale of its subject of a takeover offer from McDonnell-Douglas DC 8-71 air its pilots' union, is locked in a liners which it has refurbished battle with some groups of its and equipped with new engines employees to cut costs.

them until its reduced its cost

in recent years. It has an agreement in principle to sell 29 of the aircraft and 14 spare CFM56-2 American Airlines had been the engines to GPA Group, the aircraft lessor based in Shannon, the proposed advanced technol-

Mr Dean Thornton, president of Boeing's commercial aircraft that the company has started a "total rethink" on the project. It has dropped the term 7J7 and refers to it instead as a "new medium-sized jet transport".

A Japanese consortium with a 25 per cent interest in the project They include the heavy industry subsidiaries of Kawasaki, Mitsu-



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Nikko's Perspective On Global Investment Strategies

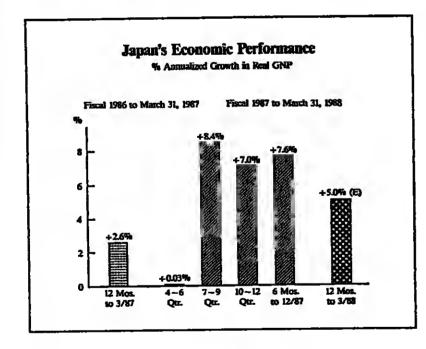
70th

High-Growth Prospects of the Japanese Economy

By almost any measure, the Japanese economy is now in a period of sustained growth. Look at the indicators. Rising incomes, low inflation, reduction in income taxes. All of these are behind the strong growth in consumer spending in Japan. There's more. A further factor is stimulative fiscal policy. A construction boom is on as well, with housing starts at record high levels. And recoveries in corporate profitability and domestic demand are fueling gains in Japanese corporate investment spending. All these uptrends are clearly outdistancing the declines in net exports.

Important changes are taking place. What this really means is that major structural changes are taking place in the Japanese economy. The key is a marked shift from export-led growth to economic expansion based on domestic demand. Stimulative fiscal policy, tax reform, and low interest rates should also continue. Declines in exports may mean that trade frictions will ease. And, other factors, such as Japan's high savings rate and its status as the leading creditor nation, mean that the financial underpinnings are sound.

An optimistic forecast. Looking at the whole picture, our view is that Japan will likely record very high growth over the long term, well ahead of recent years. But more importantly, if you conclude that Japan's economic growth profile is attractive, how can you participate as well?



Uptrends in Japan's Capital Markets

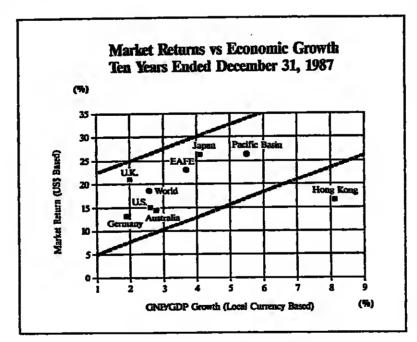
The uptrend in the Japanese economy is welcome news for investors. For many reasons. Economic growth will continue to improve corporate profitability in Japan. In fact, all key indicators seem to suggest that Japan's capital markets will be positively affected.

A word about P/Es. What about the fact that many say P/E (price earnings) ratios on the Tokyo Stock Exchange (TSE) are too high, and poised for a fall? Let's set the record straight. In fact, several factors explain seemingly high P/E ratios in Japan. One issue is the differences in accounting standards: non consolidation of earnings and declining balance depreciation methods used in Japan tend to under-report actual earnings. Another clear factor is the very low interest rate level in Japan.

Analysis shows that P/E ratios tend to be closely correlated to interest rates. And with Japanese interest rates substantially lower than U.S. rates, for example, it's clear that Japanese P/E ratios would naturally trend higher.

Growth is what it's all about. But the critical point to appreciate is the significant growth potential offered by Japan. Over the last decade, Japan has shown a higher rate of GNP growth compared to any other industrialized country. And, as we've seen, the outlook is similarly bright.

To sum up, a strong case can be made that after adjustment Japanese stocks may in fact be undervalued compared to the U.S. market. And if the prospect is for further strides forward in Japan's capital markets, what are the implications for global investment strategies?



State-of-the-Art in Active & Passive Investment Strategies

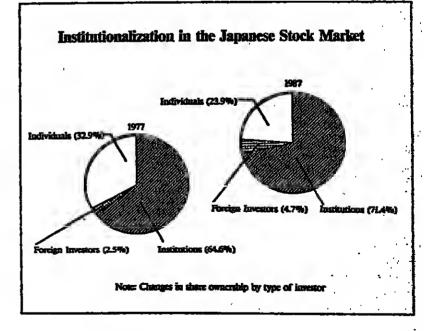
Keying in on market trends. A quantitatively based approach to both active and passive fund management strategies makes sense for several reasons. In Japan, for example, the process of institutionalization of capital markets is proceeding at a good pace. The compelling implication is that Japan's capital markets will, as a result, continue to become more efficient.

Other points to emphasize are the twin processes of globalization and deregulation. In a global capital market, the number of factors that investment professionals must tackle continues to rise at a breathtaking pace. In addition, a new wave of financial products designed for risk management, such as Japan's new TOPIX futures and options markets, offers considerable promise.

Striving for excellence. Taken together, these factors suggest a simple but powerful idea. Quantitatively based approaches, built on modern portfolio theory and implemented on advanced information processing systems, offer significant advantages to ever more sophisticated international investors. In Tokyo and elsewhere around the world, investment technology is being successfully applied to both active and passive portfolio management strategies.

A widening range of quantitatively based strategies. For example, index funds have been designed to closely track the performance of key indexes. It's also possible to tilt index funds toward statistically significant factors to produce additional returns. New innovations in portfolio insurance target downside protection and upside participation. Most recently, bond indexes are coming into their own in Japan.

Resumption of Japan's economic growth. A healthy capital market. And state-of-the-art approaches to active and passive portfolio management. Excellent reasons to put Japan on your buy list. And an even better reason to make sure your investment banker is well positioned to nail down your advantage.



The Nikko Securities Co., Ltd.

3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan Tel: (03)-283-2211 Telex: J22410



The Nikko Securities Co., (Europe) Ltd. 55 Victoria Street,

London SW1H 0EU, United Kingdom Tel: 01-799-2222 Telex: 884717

The Nikko International Network

ZURICH GENEVA FRANKFURT LUXEMBOURG PARIS COPENHAGEN MILAN MADRID AMSTERDAM BAHRAIN NEW YORK SAN FRANCISCO LOS ANGELES CHICAGO TORONTO HONG KONG SINGAPORE SYDNEY MELBOURNE SEOUL BEIJING QINGDAO SHANGHAI

FT LAW REPORTS

Tax is chargeable on devalued trust investment property

INLAND REVENUE
COMMISSIONERS v

MACPHERSON AND ANOTHER
House of Lorde

transfer tax was payable by the lit was common ground that at in the application of the statutory that the time of the 1977 agreement no hypothesis. There was no doubt the interest in possession subsisted that for the purposes of parameters in the speciation of the statutory hypothesis. There was no doubt the statutory hypothesis. House of Lords (Lord Keith of Kinkel Lord Templeman, Lord Griffiths, Lord Oliver of Aylmerton, and Lord Jauncey of

iday May 27 long

Tullichettle): May 19 1988 DEVALUATION OF trust property resulting from an agree-ment between trustees and a per-son connected with a potential beneficiary, is chargeable to cap-ital transfer tax if the agreement

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TN fatares

The 1975 Act provided for capital transfer tax to be charged on
transfers of value. Section 20(2)
provided that a transfer of value of devaluing the settled property.
The agreement had the effect
was "any disposition" as a result
of which the value of the transferor's estate was less.

In the settled property and Mr
was connected with Timwas the transaction which devalued the settled property.
There
was the transaction which devalwas nothing in 6(3) or 20(4) to
require that the event which
resulted in devaluation of the settied property must be looked at
ment alone was the relevant
in solation from all other events.

It was reduction in value to his transaction for the purposes of estate, rather than any benefit to paragraph 6(3).
the transferee, which gave rise to In that situation a charge to

estate, rather than any benefit to the transferea, which gave rise to the transferea of the charge.

To remove business transactions from liability, section 20(4) for secheme to confer a gratuitous benefit on limin.

The House of Lords so held when dismissing an appeal by trustees from a Court of Appeal when dismissing an appeal by trustees from a Court of Appeal when dismissing an appeal by trustees from a court of Appeal when dismissing an appeal by trustees from a court of Appeal when dismissing an appeal by trustees from a court of Appeal when devaluation of trust property.

LORD JAUNCEY said that on June 5 1981 investments were settled on Mr and Mrs Robarts, their children and remoter issue.

By the end of the 1960s a number of valuable pictures had come to be included in the settled property. They were kept in houses owned by Mr and Mrs Robarts, their children and remoter issue.

By the end of the 1960s a number of valuable pictures had come to be included in the settled property. They were kept in houses owned by Mr and Mrs Robarts, their children and remoter issue.

By the end of the 1960s a number of valuable pictures had come to be included in the settled property. They were kept in houses owned by Mr and Mrs Robarts, and gread to pay £100 annually for such enjoyment as he might derive from them. In 1975 the High Court approved an arrangement varying the trusts whereby Mr Robarts was permanently, section 20(4).

The trustees had to surmount it may be end of the 1960s a number of valuable pictures had come to be included in the settled property.

Paragraph 6(4) of Schedule 5 to the Aransaction and any associated on a transaction includes a series of trust property.

Paragraph 6(4) of Schedule 5 to the transfer of valuable pictures had come to include a series of transaction and any associated to confer any gratuitous benefit on a transaction includes a series of tr

Mr Roberts was permanently one connected with a person ben-excluded from beneficial interest, efficially entitled to an interest, or After the introduction of captilly entitled to an interest, or a person for whose benefit any of it transfer tax by the Finance and 1975, the trustees took two steps which gave rise to the present appeal:

First, on March 29 1977, they entered into an agreement with Mr Robarts to vary the 1970 agreement. His liability for insurance and loss of the pictures was limited, and the animal £100 paying ment was reduced to £40.

Second, on March 30 1977, they efficially entitled to an interest, or a person for whose benefit any of it the settled property may be applied, and as a result of the transaction the value of the property was less, "a capital distribution shall be treated as being made out of the property." unless the transaction is such that, were the trustees beneficially entitled to the settled property it would not be a transfer of value."

The Crown contended that the

स्तर के मार्ग प्राप्त के प्रश्निक के तार्थ स्थानिक के तार्थ स्थानिक के तार्थ प्राप्त के अनुस्तान के तार्थ के तार्थ के अनुसार के तार्थ

in the settled property and Mr graph 6(3) the 1977 agreement

in surmounting the first and third hurdles, since it was con-ceded that the 1977 agreement was not intended to confer any gratuitous benefit on Mr Robarts or anyone else, and that it was such as might be expected to be madz7in a transaction at arm's length between persons not con-nected with each other. The question was whether the

trustees could surmount the second hurdle. They contended that in applying the paragraph 6(3) hypothesis to section 20(4), the ment was reduced to £40.
Second, on March 30 1977, they executed a deed appointing all the pictures, subject to and with trustees and Mr Robarts, being a trustees and Mr Robarts, being a surfed in 1977 on trusts under some connected with Timothy as varied in 1977, on trusts under which Mr Robarts's son, Timothy, took a protected life interest in possession.

The effect of the 1977 agreement action within paragraph 6(3). It therefore gave rise to tax under the ment was to reduce the value of that part of the settled property comprising the pictures. It was a perfectly proper transaction for the trustees to make.

The Crown chained that capital only transaction to be looked at was the transaction referred to in 6(3). That was to say that in con-

If the extended meaning of "transaction" were read into the

is shown that it was not intended and was not made in a transac-tion including a series of transac-tions and any associated operations intended to confer any

intention to confer gratuitous benefit qualified both transactions and associated operations.
If an associated operation was not intended to confer such a benefit it was not relevant for the purpose of the subsection. That was not to say that it must neces-sarily per se confer a benefit, but it must form a part of and con-tribute to a scheme which did

confer such a benefit. It was common ground that the appointment conferred a gratuitous benefit on Timothy. The appointment would not have been made if the 1970 agreement had not been varied by the 1977

It followed that the 1977 agreement was not only effected with reference to the appointment, but was a contributory part of the scheme to confer a benefit on

Timothy. doubt that the 1977 agreement, being the disposition for purposes of section 20(4), was made in a transaction, consisting of the agreement and the appointment, intended to confer a gratuitous

benefit on Timothy.

Once it was accepted that the statutory hypothesis did not exclude consideration of the appointment, it followed inevita-bly that the trustees had failed to satisfy the test in section 20(4). The appeal was dismissed. Their Lordships agreed.

For the trustees: Robert Walker QC and Brian Green (Currey & Co)

For the Crown: John Munmery (Solicitor, Inland Revenue)

Rachel Davies

TESCO PLC

Notice of adjourned meeting of the holders of the £115,000,000 4 per cent. Convertible Bonds 2002

(the "Bondholders" and the "Bonds" respectively)

In accordance with the terms and conditions of the Bonds, notice is hereby given that the meeting of the Bondholders convened for 25th May, 1988 by the notice dated 3rd May, 1988 published in the Financial Times was adjourned through lack of a quorum and that the adjourned meeting of the Bondholders will be held at Tasco House, Delamare Road, Cheshant, Herts. ENS 98L, on Thursday, 9th June, 1988 at 3 p.m., for the purpose of considering and, if thought fit, passing the following Resolution which will

EXTRAORDINARY RESOLUTION

THAT this meeting of the holders of those of the £115,000,000 4 per cent. Convertible Bonds 2002 of Thece PLC now outstanding (the "Company" and the "Bonds" respectively) constituted by the Trust Deed dated 25th March, 1987 (the "Trust Deed") made between the Company and Guardian Royal Exchange Assurance ple (the "Trustee") as trustee for the holders of the Bonds (the "Bonds of the Bonds (the "Bonds of the Company and guardian Royal Exchange Assurance ple (the "Trustee") as trustee for the holders of the Bonds (the "Bonds of the Company and guardian Royal Exchange in London of Ordinary shares of 5p each in the capital of the Company for cancellation subject to and in accordance with any authority from time to time granted by resolution of its shareholders PROVIDED THAT the minimum price which may be paid for such shares is the per value of such shares from time to time and the maximum price which may be paid for such shares us an amount equal to 5 per cent. show the average of the middle market quotations therefor as derived from The Stock Exchange Daily Official List for the 10 business days before the purchases is made, in each case exclusive of expenses; (2) sanctions and approves each and every modification or abrogation of the provisions of the Trust Deed and of the rights stacking to the Bonds and each and every compromise or arrangement in respect of the rights of the Bondholders and of the holders of the Coupons appertaining to the Bonds as is or may be involved in the implementation of any such purchases and cancellations; and (3) authorises the Trustee to concurr in, execute and do any act, document or thing to give effect to such authorisation, consent, sanction and approval and each and every such modification, abrogation, compromise or arrangement.

By Order of the Board,

Dated 27th May, 1968 Registered Office: Tecco House, Delemare Road, Cheshant, Herts. ENS 9SL

Copies of a letter dated 27th April, 1988 from the Chairman of the Company, giving details of the proposed purchase by the Company of its own shares, are available for collection, and copies of the Trust Deed constituting the Bonds are available for inspection, by Bondholders in each case during normal business hours on any weekday (excluding Saturdays and public holidays) at the offices of Phillips & Drew Securities Limited, 120 Moorgate, London EC2M 6XP and the specified offices of the Paying and Conversion Agents set out below up to and including the date of the adjourned meeting and at the adjourned meeting itself. In that letter, the Company sought its shareholders' and convertible stockholders' authority to make market purchases of up to 74,169,254 of its Ordinary shares subject to the price limitations set out in the above Extraordinary Resolution, such authority, in the case of the shareholders, to expire at the conclusion of the Company's 1989 Annual General Meeting. In the case of the Company's shareholders, this authority has now been given. The Trust Deed provides that such purchases require the consent of the Bondholders by Extraordinary Resolution. The consent contained in the above Extraordinary Resolution will not require annual renewal or be limited to purchases of an overall maximum number of Ordinary shares in order to relieve the Company of the administrative hurden of convening further meetings of Bondholders.

see with normal practice the trustee for the Bondholders, Guardian Royal Exchange Assurance plc. express opinion as to the merits of the above Extraordinary Resolution. It has, however, authorised it to be stated that, on the basis of the information contained herein and in the letter referred to above, it has no objection to the form in which such Extraordinary Resolution is presented to the Bondholders for their consideration.

The quarum for the adjourned meeting is two or more persons present holding Bonds or voting cartificates or being process whatever the principal amount of the Bonds held or represented by them.

principal amount or the sound need or represented by them.

The Extraordinary Resolution, if duly pessed, will be binding on all Bondholders whether or not they were present or represented at the adjourned meeting and whether or not they voted in favour. To be passed, the Extraordinary Resolution requires a majority consisting of not less than three-fourths of the votes cast in respect of it, whether on a show of hands or on a poll.

A Bondholder wishing to extend and vote at the adjourned meeting in person must produce at the adjourned meeting either the Bondfal, or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bondfal, in respect of which he wishes to vote. Agent reserve to the Bonalds, in respect of winch is wines to work.

A Bondbolder not wishing to sittend and vote at the adjourned meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom be wishes to attend on his behalf or give a voting instruction form to behalf the give a voting instruction form to behalf the give a voting electrical offices of the Paying Agents and out below) instructing a Paying Agent to appoint a pray to attend and vote at the adjourned meeting in accordance with his instructions.

Boods may be deposited with any Psying Agent or (to the satisfaction of such Psying Agent) held to its order or under its control by CEDELS.A. or Morgan Guaranty Trust Company of New York, Brossels Office, as operator of the Euro-clear System or any other person approved by it, for the purpose of obtaining voting certificates or, until the time being

48 hours before the time appointed for holding the adjourned meeting, but not thereafter, giving voting instructions in respect of the adjourned meeting. Bends so deposited or held will be released to at the conclusion of the adjourned meeting or (ii) upon surrender of the voting estificate at or (iii) upon the surrender, not less than 48 hours before the time for which the adjourned meeting is convened, of the voting instruction receiptist issued in respect thereof and the giving of written notice by the relevant Paying Agent to the Company at its registered office at least 24 hours before the time appointed for holding the adjourned meeting of the necessary amendment to the block voting instruction.

(sit) above are enumbed with.

Every question submitted to the adjourned meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the meeting or by the Company or by the Trustee or by two or more persons present holding Bonds or voting certificates or being prunies and holding or representing in the aggregate not less than one-liftieth part of the principal amount of the Bonds then outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a prucy shall have one vote. On a poll every person who is an present abell have one vote in respect of each £1,000 in principal amount, of the Bondist so produced or represented by the voting certificate so produced or in respect of which he is a procy.

PRINCIPAL PAYING AGENT AND PRINCIPAL CONVERSION AGENT

The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD OTHER PAYING AGENTS AND CONVERSION AGENTS

Chase Manhattan Bank Luxembourg S.A., Banque Bruxelles Lumbert S.A., 47 Boulevend Royal, 24 Avenue Marnix,

Chase Manhattan Bank (Suisse), 63 Rue du Rhone, CH-1204 Geneva

JAGUAR SOVEREIGA

FIGURES STILL LOOK GOOD.

It's received wisdom that Jaguar has a glorious past. More relevant today; however, is Jaguar's glorious present, and the Sovereign saloon which singlemindedly maintains a unique tradition of clothing sensuous performance, with restrained elegance.

And of continuing that restraint all the way to the bottom line.

The Sovereign has newly developed suspension geometry. Advanced anti-lock braking with year control. An all- alloy, electronically managed 6 cylinder engine yielding 221 bhp. Up to seven on board computers monitor key functions.

Mirrors, locks, windows and seats are electrically powered. The cabin is furnished with hand-polished walnut veneer and individually selected hides.

The 3.6 can murmur along at a shade below 140 mph.". Where legal and road conditions permit, of course. All at a cost which, bearing in mind its forebears, should be considered an investment, rather than an indulgence. CHAMPTONS

At the same time as it proudly watched the fast-nearing completion of work on its £230m power station project at Rihand in India, it had to stand by while its arch rival, GEC Turbine Generators, put the final touches on a bid to build a lucrative second station on

A British Government decision last year ousted NEI in favour of GEC as the designated contractor for the second Rihand station. Now, as the first phase of their mammoth project draws towards a successful conclusion, that decision seems all the more unfair to

Yet as the dust settles on the long tussle between the two companies, it is clear that the whole saga provides a rare object lesson on how companies should manage relations with Government. The UK put £119m of aid into the first phase and is expected to dole out a similar amount for the second.

The received wisdom to industry is that GEC supplanted NEI in Rihand simply through the tireless and consistent lobbying for which it is renowned. In fact that is an over-simplification.

In the early stages of the project NEI was plagued by a succession of difficulties largely outside its own control, but a common thread to most accounts of its experience is that it paid too little attention to the need to nurture smooth relations with both the UK and the

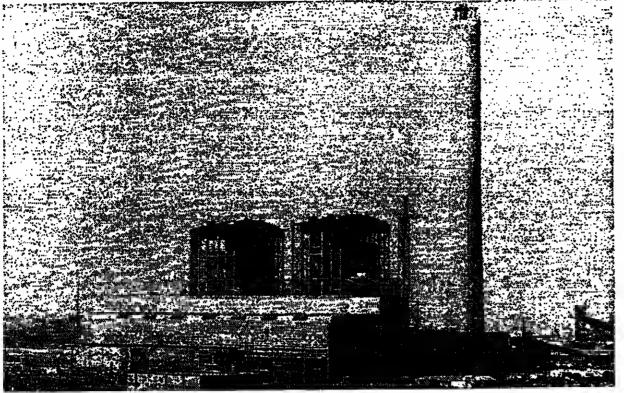
Indian authorities.

The Rihand site, 750 km south-east of New Delhi, was chosen with World Bank support because of its proximity to coal reserves and a plentiful supply of cooling water from the man-made Rihand lake, although it is 70km from the nearest railhead. There was no infrastructure there when the project started and there is still no telephone connection from the outside world.

According to Brian Nugent, the NEI executive now in charge of Rihand, the water level of the lake changes 20 m between seasons, the boilers had to be 40 per cent larger than normally expeced because of the environmental conditions and the coal "is the worst quality we've ever dealt with." Yet none of these mitigating factors played much of a part when delays arose and the UK Government decided to nominate GEC as its chosen contractor for the second

That decision, says Graeme Anderson, NEI deputy chairman, "was undoubtedly a political one, and I'm not sure that the advice on which ministers took the decision was altogether

In the event three main factors conspired to upset the company's case: NEI was originally pressed to sign its contract with India's National Thermal Power Corporation (NTPC) to coin-Prime Minister, Margaret Thatcher, and the then Indian Prime Minister, Indira Gandhi, in late 1982. It was a rush job, the contract was too loosely drawn, agreement was not complete on specifications, and, as a result, it was not until January 1984 that ground was broken on the site.



Anatomy of a power game

Peter Montagnon explains why NEI failed to be chosen to build a second power station at Rihand in India - while rival GEC walked off with the contract

 NEI took a long time to establish a good working relationship with its indian client. It argued with NIPC over specifications and standards. NTPC was also responsible for civil works on the site and its contractors, over which NEI had no control, ran behind time, adding

 Finally, Anderson adds, the whole contract became caught up in domestic Indian politics. Local resentment about the amount of work going to a British company meant that, when it came to the second phase, Indian officials could not actively support NKI as a lead con-

To some degree, NKI now admits that these problems were partly of its own making. "We would accept that there were areas within the Rihand project where our management should have been stronger. We have learned more about civil works on this contract than on any previous one," says Nugent. Anderson says the original contract was a hastily drawn one "with more concessions in it than we would have had if we'd been allowed more time." NEI could have paid more attention to its image within the Indian political community, he adds. Businessmen familiar with the work-

ings of Whitehall say this success difficulties put NEI at a major disadvantage. Government officials pridethemselves on their objective judge-ments but they also instinctively mis-trust organisations that acquire a reputation for causing them trouble. When selecting contractors, they like win-ners. At the time when the decision on the second phase was made, NEI, which had irritated the Indian authorities with its performance, simply did not look like a winner.

That is not to say that the decision to choose GEC as the lead contractor was an easy one. Such decisions never are, an easy one. Such decisions never are, and officials dislike having to make them. They are politically difficult because there is always at least one disappointed party and they lay the Government open to criticism that tax-navers' money in the form of old in payers' money in the form of aid is being set aside for the benefit of one particular company.

Technically, the position of lead contractor is known as "chosen instrument". Being the chosen instrument means that the company concerned is put in an exclusive position. It becomes the sole UK company eligible to claim aid support for the project in question. It may reserve around a quarter of the work for itself and choose the subcon-tractors for the rest, though it will have to justify its choices to the Department of Trade and Industry (DTI).

In some sectors, such as water and civil engineering, industry itself frequently manages to decide which com-pany shall lead a bid. Indeed, with the first Riband station, NEI emerged as the lead contractor after negotiations with GEC and Babcock. Given the intense competition between NEI and GEC and the worldwide shortage of work in the power sector this was not possible for the second phase.

Though the Overseas Development Administration increasingly has a say in such decisions, the key department is still the DTL The "chosen instrument" decision is taken formally by ministers on the advice of the Overseas Projects Board (OPB), which is made up of leading representatives of commerce and industry and is currently chaired by Don Holland, chairman of Balfour Beatty. Yet the OPB itself is heavily influenced by the advice it receives from the DTI, and that is where lobbying comes in.

Bob Davidson, the soft-spoken but forceful Scot who heads GEC Turbines, is rejuctant to speak about the Riband affair, but he does acknowledge the importance of government relations. "It's imperative that we're in regular contact and touch with government at different levels. I don't regard that as lobbying. These are formal discussions

surrounding the project."

Certainly few executives used to dealing with Whitehall believe much is to be gained by ingratiating themselves with officialdom through invitations to occasions like Wimbledon, Ascot or Glyndebourne. But, as NEI discovered, it is also not enough to depend for one's image on the quality of final product alone. That reputation has to be culti-vated and explained at senior level.

Government officials maintain strict standards of fair play in their relations with industry, but they also expect their interlocutors to present an intelli-gent case. Personalities, too, inevitably play an important part to forming their. perceptions. As one banker with long experience in the field puts it: "Civil servants are highly intelligent people who are open to persuasion. You've got

to make sure the case is well argued."

Before the second Rihand decision was taken, both companies were asked to provide a written brief, setting out their case, which the DTI then evaluated with the help of consultants. GEC stressed its track record in the Castle Peak power station project in Hong Kong and the strength of its existing project management team. NEI put to what Anderson describes as "an engineer's submission stressing the advantage of replication of the first phase from which NEI had gained a wealth of experience.

NKI's fate was communicated to NEI's fate was communicated to Anderson during a brief meeting in London with Giles Shaw, then the minister responsible. The following day Anderson left for Riband to tell NEI staff on site what had happened — a task made all the more difficult by the fact that they were confidently expecting the decision to have gone the other

NEI says it has learned a lot from this experience. Nowadays it pays much closer attention to relations with government. It reckons to see every new UK Ambassador on his appoint-ment, wherever he is posted. A couple of years ago it recruited a senior DTI official, Ken Binning, to manage its government relations.

That effort is now clearly paying off. within Whitehall, there is a growing recognition of the way in which NEI turned round the first Rihand project in the end. Despite the difficulties, the power station was capable of transmitting power into the Indian grid only 60 months after the contract was signed. This may compare with an original schedule of 53 months, but it is still six months less than it took in the case of Drax B in Yorkshire which was built in much easier circumstances.

But that realisation has come too late for NEI to lead the second phase. At the end of the day that choice boiled down to the Government's instincts on which company was most likely to win the

Meanwhile, GEC still faces competition for the actual contract from Sie-mens of West Germany in partnership with Bharat Heavy Electricals of India, Confident though British officials are that they sought to be objective, there could be egg on a lot of faces if the contract were to go to West Germany.

Where are they now? . . here's where

Michael Skapinker drops in on a rennion of the London Business School's first MBA graduates

For many of this group, everyonly member of the class who thing was possible. Few look dispended, none look disappointed. The bourgeoisie's sure got to me.

Perhant they are a little too

staying power is no mystery to them. The proletariat's inexplicable desire for credit cards and privatisation shares delights For while the students of Ber-

aging director at Grenada, the keisure, netail, media and services group; Seymour Fortescue, director, UK retail services, Barchys Bank; James Arnold-Baker, chief executive of BBC Enterprises; and Vic Rice-Smith, personnel director of Lever Brothers. There was little doubt, however, about who was the star of the gather high technology equipment to the chief executive of Jaguar cars. chief executive of Jaguar cars. He waved dismissively when

waiting for them when they ment. He is the author of many finally graduated. Many suspected articles, including Corruption that each day's course had only been devised the night before.

And what of those other events of 1968? Had they had any impact on the class? What else hap more to life them making pened in 1968? Lewis asked, "We money." were obviously so engrossed in

ON A WARM evening in London "We were a conventional last week yet another Class of bunch, let's face it," one of them 1968 gathered to talk about the said. Alan Melkman, managing director of consultants Marketing and everything seemed possible.

Dynamics, recalls that he was the

Dou

Inne

Autor.

Perhaps they are a little too hard on themselves. They have not all sattled for life at the top of a large corporation, as the suco-hographical notes they prepared for the occasion reveal.

ting the destruction of capitalism, this group were thinking how best to profit from it.

They were the first class to make that he is "resolutely self-employed. The dozen companion for making the destruction it.

They were the first class to make their common link. They were the first class to make their common link. They range from ples to a two-mess School with a master's man band, from very high technical to the Savoy Hotel to sip channes and reminisce.

The LES "Class of 68" produced Derek Lewis, group man-aging director at Grenada, the leisure, retail, media and services group: Savoness E.

the others, crowding around, told him that possible dates for the reunion had been juggled to find one which suited him. "You're the only one of us that anyone has ever heard of," one of his classmates reminded him.

How useful has his LBS degree been to him? "The big things that managers had to contend with in those days were low productivity and had industrial relations and these weren't dealt with," he hand, sneeds "more time relations" Unlike many of those graduat

and had industrial relations and Bruce Lloyd, on the other these weren't dealt with, he said, "On the other hand, we had a damn good grounding in ance consultant, a member of the insuce."

There's Tamle resists out that in a small clarities in fruster of the Derek Lewis points out that in small charities, a trustee of the 1968 the MBA degree was new to Camden Arts Centre, and chair-Britsin. Few in the class could be man of the andit committee of certain that there would be jobs the British Institute of Manage-

money."
Spoken like a true child of the Age of Aquarius.



Electric

On January 1, 1988, Asea and Brown Boveri merged to form Asea Brown Boveri, the largest energy engineering company in the world.

Together we are the world leaders in electric traction. ABB has unique resources to meet the increasing demands from both authori-

power moves ties and passengers for safe and convenient railways and urban transportation systems.

Today, railbound vehicles are bringing relief to the world's rapidly growing mega-cities, burdened by heavy traffic and severe pollution. millions. And high-speed to intercity airlines. And high-speed trains are becoming a cost-effective alternative to

> ABB provides a total range of products and services in this field, from the design and manufacture of locomotives to the supply of complete rail transportation systems.

Our products cover mainline and freight railways, suburban and urban commuter trains, underground systems and light rail vehicles as well as trolley buses.

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UK NEWS

Doubts on industry ability to sustain resurgence

Friday May 7 in

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THE ABILITY of British manufacturing companies to translate quality of 24 factory buildings in managing directors of manufacturing companies, a third of the UK which have introduced turing companies, a third of ciency, output and profits into a sustainable resurgence is ques-tioned by two reports published

utives and managing directors in large and medium-sized companies carried out this year on behalf of PA, the consultancy group, shows that more than those abroad, the report says and this seriously weakens the effectiveness of new more than the effectiveness of group, shows that more than three quarters believe a renaissance is taking place.

PA says, however, that an analysis of the response of these managers to questions on their companies research and development, product strategy and manufacturing technology casts doubts on whether their programmes are good enough to keep them competitive.

The second report, by the University of Manchester and the Science and Engineering

advanced manufacturing equip-ment and compares them with £100m and a fifth with sales plants in West Germany, Italy, below £20m. weden and Japan.

tion machinery.

"In the face of high quality, well-designed facilities in Europe and Japan, there is a real need

ompetitive world." fear about the long-term impact The PA study is based on inter-

accused on **Trident** plant delays Financial Times Reporter

Ministry

MPS from all parties yesterday severely criticised the Ministry of Defence for "demonstrably inaccurate" evidence on the construc tion of a nuclear complex for the production of Trident warheads. Of these, 79 said they believe British manufacturing was going through a renaissance and 8 per The Defence Select Committee

cent said it was in decline, with the rest undecided. frankness" over severe delays in sonar equipment development for Trident submarines. The criticisms came in a com-PA uses the replies to pay trib ute to real improvements mad by these companies, including mittee report on the Trident pro more efficient manufacturing

and Japan, there is a real need for new concepts, new facilities and new approaches in the design of facilities for advanced manufacturing technology in the UK," the report argues.

"It seems clear that UK industry should pey much greater attention to its buildings if it wishes to obstate effectively in a beneficial and there was little. attention to its buildings if it turers setting up in the UK as wishes to operate effectively in a beneficial and there was little

gramme which Mr Martin O'Neill, Labour's defence spokesman, described as "a sorry tale of mismanagement." The MoD had told the Select Committee in January 1986 that construction of new facilities at atomic weapons plants was progressing satisfactorily.

also attacked the MoD's "lack of

Bnt when giving evidence before the Committee two months ago, MoD officials admit-ted the Aldermaston A90 complex - originally scheduled for service this year - would not start production until the end of

To supply warheads for the first Trident submarine, HMS Vanguard, due in service in 1994, much greater use would have to be made of an existing plant from the Polaris era, adding up to £10m to the programme costs, said the report.

On development of sonar equipment, the report said. For three years the Government has made reports on the progress of the sonar suite which did not include important facts about serious problems and delays which had arisen. This is unac-

Inner-city groups challenged

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

AN ATTACK on the handling of Inner-city regeneration by the London Docklands and Mersey-side Development Corporations came yesterday from the National Audit Office, Parliament's public spending watch-

dog.

Both the corporations are accused of lapses of management control, and the Department of the Environment, which oversees them, is told that it should monitor their planning procedures more closely.

porations are to work properly,

The London Docklands and Environment to strike a balance Merseyside corporations, the first between leaving development of their kind, were set up in 1981.

They play a key role in the Government's strategy to rejuvenate corporations free to pursue day-to-day management end effectively controlling the use of public funds. The need for firm control "is all the greater with the recent increase in the number of UDCs and the extra funds allocated to regeneration,"

*Department of the Environ they need to be large enough for effective planning.

In its discreetly worded report, it arges the Department of the ment of

Cricket appeals for a wider audience

THAT MOST traditional of English sporting bodies, the Test and County Cricket Board, wants to be a player in the new commercial world of satellite and cable television, Raymond Snoddy writes.

In the Pavilion Long Room at Lords, the spiritual home of cricket, amid ancient portraits and bats of famous amateurs such as W.G. Grace, the administrators of the English game yesterday unveiled a very commercial plea for the "privatisa-tion of the cricket on televiThe board has sent a report to Mr Douglas Burd, the Home Secretary, bemoaning the fact that Independent Television does not show cricket as part of its regular programming, giving the BBC a monopoly which it strives to maintain against all comers - such as

Channel 4. "Thus cricket finds itself operating in, in effect, a closed nationalised market. If it wants to go on television it has to go on the BBC. If viewers want to watch it, it has to be on BBC." the board has told the Home Secretary.

The board, therefore, wants to be a partner in the operation of any fifth channel decided by

It also wants to talk to all the operators of new cable and satellite channels, as well as the BBC and ITV, to discuss how cricket should be televised when the present three-year contract with the BBC, worth about £1.2m a year, runs out at the end of the 1989 season.

"We believe strongly in the liberalisation of television and we hope that over the years we will get a very sensible and to the game for us to maintain the standards we believe are essential," Mr Bernie Coleman, chairman of the board's television working group, said yes-

Coming so soon after British Satellite Broadcasting's plans to bny first rights to television coverage of British football matches the report, delivered by hand yesterday to Mr Mar-madoke Hussey, chairman of the BBC, and Mr Michael Checkland, his director general will seem like a very fierce

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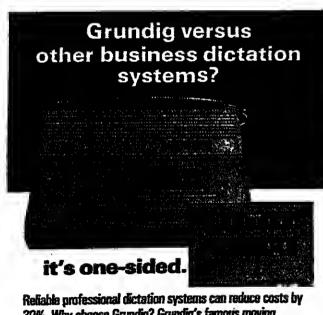
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LONDON BUSINESS SCHOOL



Building societies warned on plans for future status

BY DAVID BARCHARD

MR PETER LILLEY, Economic the Building Societies Commis Secretary to the Treasury, yester- sion, are bound to raise questions day reinforced warnings to build- about the Government's attitude ing societies to proceed cauto building societies shedding tiously when considering mutual status. conversion into limited compa-

ence in Torquay, Mr Lilley said for thought. So far, only the borrowers and lenders should not Abbey National has announced be "motoricle induced" here. be "unfairly induced" into sup- plans to become a company.

suggestions that building societ-les trying to convert might offer their members some kind of financial incentive to vote for it. A change would have to be approved by 75 per cent of the voters in a ballot in which at east 20 per cent of all members

example of the life assurance industry in which mutual and limited companies existed side by side in the market.

Mr Lilley reaffirmed the Gov-Speaking at the Building Soci-ettes Association annual confer-ence in Torquay, Mr Lilley said borrowers and lenders should not be the borrowers and the borrowers are borrowers and the borrowers and the borrowers are borrowers and the borrowers and the borrowers are borrowers.

it appeared to be a reference to aggestions that building societies trying to convert might offer regained a 70 per cent share of the convert might of the convert the mortgage market, compared with less than 50 per cent in the middle of last year.

He expected building societies would lend more than £50bn this least 20 per cent of all members took part.

Mr Lilley said he believed there could be a continuing future for mutual societies and he cited the avantable of the life accurate.

"It is virtually certain that there will be a record level of net

Banks move to blacklist serious loan defaulters

By David Barchard

CUSTOMERS who default on loans from eight high street banks and their affiliated credit card organisations are to be reported to the UK's three lead-ing credit reference agencies. under an agreement to be announced today.

A blacklisting with the three agencies – Infolink, CCN Systems and Westcot Data – will make it difficult or impossible for the individuals concerned to obtain any further credit from

Mr Brian Walter, of Midland Bank, said: "This new arrange-ment will not affect customers who may have payments prob-lems but are in regular contact with their bank.

"It is intended only for case where there has been an irre-trievable breakdown in the rela-tionship between the bank and its customers and we envisage that the number of persons being reported will be very small indeed."

The banks have agreed with the Data Protection Registrar that, before anyone is reported to His words, coming only 24 ever, he felt the Government had hours after a similar warning by not gone far enough in easing the Mr. Michael Bridgeman, head of limits on unsecured lending.

Nick Garnett reports a resurgence in Britain's capital goods and equipment sector Manufacturing recovers - but could do better

THE 44 British companies manu-facturing paper-making machines biggest farm tractor maker in and other equipment used in Europe, and the North American paper mills, this week announced companies that have put it in something that is becoming that position are having their increasingly familiar. In yet busiest production period for another sector of engineering, years. Ford at Basildon is operat-

another sector of engineering, years from at passion is operating sales and output are rising.

Manufacturers in the British sey-Ferguson at Coventry built Paper Machinery Makers Association notched up record sales of last year, the higgest volume by £134m last year, up from £119m far since 1984.

Machine tool companies suffered sketchy demand last year for exports.

On its own, that is hardly much to short about but it Manseers at Bridgeport, a Lelcost

ally expresses these days.

Ask most City analysts and they will give you a rosy picture of the state of medium and heavy

Matrix-Churchill, a Coventry manufacturer and assembler of manufacturer and assembler of manufacturer and assembler of manufacturers and assembler of manufacturers.

engineering in the UK.
According to this view, producpretty good, the unions are besten, investment is going in and there is a new breed of manager.

Alor of the increase has come from domestic demand. On the

and Italy has passed the UK's in a number of sectors since the rials handling company says start of the 1960s, the general failure of the UK to recoup market share against West German markets share against West German market leaders and a continuing dearth of investment in new in France and Spain, is having a plant and extra production capacity.

West German introck and materials handling company says demand in the UK "has gone used the use of the use of the use of construction boom in the UK, together with strong markets in France and Spain, is having a big roll-on effect on Britain's manufacturers of construction

At first sight there are a lot of machinery. Some of the weaker statistics to back up the picture members of the fraternity are of UK engineering coming out of the deldrums.

manufacturers of construction machinery. Some of the weaker statistics to back up the picture members of the fraternity are of UK engineering coming out of the deldrums.

much to shout about, but it Managers at Bridgeport, a Leicesunderlines a view the City usu- ter manufacturer of milling

lathes and machining centres is

ager.

The trouble is, that picture fails to take account of the downsider the way output in France and Italy has passed the UK's in a number of sectors since the picture of the way output in France and Italy has passed the UK's in a number of sectors since the picture of the way output in France operation of Jungheinrich, the way output in France operation of Jungheinrich, the west German lift truck and materials bandling someone.

manufacturers of construction

Ask an analyst where lost market share is being regained, and there is a long silence

panies are enjoying very buoyant sales.

J.C. Bamford, whose main product is the backhoe loader, is showing extraordinary growth, increasing unit output last year by a quarter to about 12,500

Even though JCB depends on exports to dollar-sensitive North America for 20 per cent of sales, Mr Gilbert Johnson, the company's managing director, says the company is budgeting to increase sales this year by another 25 per cent and for

profits to rise.
It is much the same story in diesel engine building as world-wide demand for the machines that take such engines recovers from the depressed levels of the mid 1990s.

Output at Perkins in Peterborough rose last year to 150,000 complete engines and 87,000 kits. Mirlees Blackstone, a manufacturer of very big diesels from 1200 to 13,000 kW,has its biggest ever order book. Hawker Siddeley, the last

remaining British heavy and

medium engineering company plan to source components from that has not diversified substantially into diversified substantially into the components from the component tially into electronics, is a frequent target for City criticism.

But orders at the company, which employs 23,000 people in the UK and had total sales last

most of in product a service services, small transformers, industrial semiconductors, dissels and rail equipment have healthy order books. Many companies in medium engineering now export to Japan. Hawker does so with small motors and equipment for rail-cars. Weir, the Glasgow-based pump maker, has recently won a hig order to supply Mitsubishi.

Toshiba last year set up a large purchasing office in England to buy British and EC power station Ask an analyst, though, where Britain is really regaining lost market shares to our main Euro-

pean competitors and there is usually a long silence. Motor components might be one area. Earth-moving and farm machinery might be others but there are not many.

Aerospace has now taken over from vehicle building as the main demand motor for many equip-ment supply sectors. That is why some machine makers are fright-

There is also the laste of value added. For example, increase made about 40,000 units of mobile construction machinery last year against 30,000 in West Germany, according to Bantacon, an indusyear of £1.7hn, are running 10 per against 30,000 in West Germany, cent above last year's levels. Its battery, forgings and signalling businesses are not having a very happy time but the company says most of its product areas such as continuous it as all a higher value products.

The view that areas to the content of the products. try analyst. The value of German

1.0

value products.

The view that enough investment is taking place is absurd.

There are many excellent plants in the UK but far more that are in old buildings with interior production machines. Many of them are a disgrace compared with those in use by competitors in West Germany and Swaden.

West Germany and Sweets.

A continuing complaint of Inctory managers is that they caunot get approval from head officer
for investment they think they need and they are frequently hamstrung with tight payback

A common sight is that of designers working on expensive computer-aided design facilities which a company has to have, but in a 1930s office with line and

but in a 1930s office with find and no carpet on the floor.

The UK trade balance in heavy and medium engineering has fallen from about 195n to 13.5bn in the past eight or nine years. At least having a balance is in marked contrast to the electronics and many consumer goods sectors where British perfor ened of the long-term conse-quences of British Aerospace's mance has been so poor.

A first-class finish is vital to Arenson International, makers of high quality wood veneered President office furniture.

But they found that drying their lacquers with gas-fired steam batteries was proving less than satisfactory, and taking far too long.

So after consultation with their local Electricity Board they decided to switch to a new ultra-violet lacquer-curing system.

Immediately quality improved and productivity increased greatly Process time was cut from 50 to 3 minutes, with faster start-up, and weekly instead of nightly cleaning. Improved working conditions were an added bonus.

The £38,450 saving per annum on energy and materials alone brought a 3 year payback; production increased, overtime decreased. Altogether a thoroughly polished performance.

But the final words should come from Arenson themselves: "If we had to put in another finishing plant, there is no question at all it would again be an all-electric system". This is but one example from thousands

of companies each year who invest electric and profit.

Like pharmaceuticals manufacturer Pharmax Ltd, who changed to an electrode boiler operating on low-cost night-rate electricity, and cut the cost of producing raw materials for baby creams by 80% - automatic close control of temperature and pressure resulting in higher material yields.

Or like Barzillai Hingley who manufacture forgings for marine and general engineering. Their change from oil-fired furnaces to induction heating prior to forging has improved productivity by 20%, cut down-

time by 90%, energy costs by 60%, and repaid capital costs in less than 12 months. Find out more about how your company

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Overseas aid falls to 0.28% of GNP

BY PETER MONTAGNON, WORLD TRADE EDITOR

Development Administration.

That compares with 0.32 per cent in 1986 and, according to the World Development Movement, an aid lobby group, the UK has now slipped from fifth place to sixth for aid spending among the seven richest industrial coun-

Mr Christopher Patten, the the World Development mover minister for overseas development, said the figure was "an indelible stain on the record of strong growth in the UK economy last year. In absolute terms ald spending should be raised to the UK aid budget was now growing and it was planned to be 5.7 per cent higher at £1.38bn in 1988-89.

BRITAIN'S official overseas aid as a proportion of gross national fourth largest in Europe and the product fell to a new low of 0.28 fifth or sixth largest in the world, per cent last year, according to figures released by the Overseas Development Administration.

That compares with 0.32 per refed.

proportion of GNP is now little more than half of the figure for m aid lobby group, the UK has more than half of the figure for now slipped from fifth place to 1979 and far short of the target of 0.7 per cent set by the United Nations for industrial countries.

Mr John Mitchell, director of the World Development Movement Moveme

New Liffe chairman seeks closer ties with Continent

THE LONDON International Financial Futures Exchange yes-terday elected Mr David Burton to succeed Mr Brian Williams

as its chairman. Mr Burton, an executive direc-tor of S.G. Warburg & Co, said he intended to raise the profile of Liffe in the City of London and to work towards co-operation with continental European futures exchanges ahead of the unified EC market in 1992.

Mr Burton is Liffe's third chairman. He has been associated with the exchange since its inception and was a member of the original working party in 1980.

For the last five years he has been chairman of Liffe's member-

seen chairman of Liffe's member-ship and rules committee. A restructuring of present member-ship would be among his priori-ties in his new position, he said. Mr Nicholas Duriacher, of Bar-clays de Zocte Wedd Futures, and



David Burton: Planning to restructure Liffe's membership

Mr John Edwards, of Bailey Shat-kin, were appointed deputy chair-

Underwriting room for CU

commercial property and posite insurer, aims to exploit the furopean Community's moves to create a free internal market by setting up an open-plan underwriting room in its head office building in St Helen's, Underwriters for which the building in St Helen's, Underwriters for which the Lime Street is furnous.

CU believes its room will help it in take maximum advantage of

The room, due to open for business officially today, will house new business flowing into London underwriters, mainly offering don.

OBITUARY

Joe Hutton: FT journalist

period of war service.

Joe Hutton joined the Financial News on August 8 1938 in the prices department, then under the strict rule of A.L.W. Shillady He rejoined the newspaper, now merged with the FT, after the war as a snb-editor and later worked in Company Comments.

In the late 1950s Joe took over from Mr Bill Roger as Surveys Editor, a post he was to occupy for more than 20 years. This area of the paper was to expand the Surveys department until swiftly during the 1960s to its retired. He will be remember peak of some 1,500 pages a year. with affection.

MR W.H. (Joe) Hutton, who died During this time Joe exhibited a at the weekend aged 68, was one of the journalists who formed the face of regular production crises. backbone of the FT during its. As Surveys Editor he also developed a sure technique for rapid expansion in the post-Sec-ond World War years. His 46 handling relations with the years of employment from 1988 to advertising department, and an 1984 were broken only by a envisible way of dealing with the more persistent of advertisers' public relations personnel. His classical education and fond of erudition gave him a memory of the conversational put-down ("Fresh moods and pastures new, not fickts old boy"), while proving invaluable to colleagues who were stuck either for a bead-line or for the answer to a crossword clue.

At the end of the 1970s Joe was happy to move aside in favour of younger colleagues, remaining in

BT sets up

consumer

nationwide

BRITISH TELECOM'S latest ploy to improve ensioner rela-tions was announced with much fundate in London yes-terday. It is the consumer that

son panel.

The panels are discussion groups where employees and customers can resolve tricky issues, explained Mr lain Vallance, BT chairman. There are already eight pilot panels and, because of their success, the scheme is now going ration-wide.

wide.

There is no question of paying panel members, as that would compromise their independence. Only the chairmen, who are "appointed by and

independent of the company," are paid, while the inducement

are paid, while the inducement to ordinary members is limited to the free loan of a Prestel set.

Mis Jan Walsh, who rams the project, said the Prestel set enabled BT to operate the first consumer lisison penels in the world that could communicate with each other electronically in between the bimonthly face-to-face meetings.

face-to-face meetings.

Mr Vallance said: "Panels are not captive bodies of ET."

However, he emphasized that they were not intended as

they were not intended as pressure groups.

That was a point readily assented to by Mr Brian Beli, who sits on one of the telecom advisory committees, the real pressure groups, as well as the Warrington panel. He said:

"The atmosphere is very different from advisory groups, where we are on the defensive."

sive."

what is more, because panel members do not deal with individual consumer complaints—simply matters of policy—BT takes no steps to make its customers aware of who are the panel members in their area.

Asked about the pilot panels' achievements, one woman member said yesterday she had taken the Leeds operators to task for calling her "fuv."

Now they call her "Madam."

panels

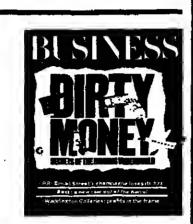
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Q. WHY IS A BOMBAY **BUS TICKET** WORTH \$10,000? A. HAWALA

Among the world's banking networks is one so secret it has no address, no records, no controls. But your corner shop may be part of it. This month, BUSINESS investigates how Hawala, India's money laundry, is now being hijacked by international crime. Also, why a former Co-op shelf-filler is souping up US supermarkets, how Bass is fermenting a leisure empire, timely advice on pension plans, the discreet charm of the Costa del Sol and the problems facing ageing studs.





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FINANCIAL TIMES

Levelling-off in school Media told to hand over exam passes worries MPs Wapping

BY DAVID THOMAS, EDUCATION CORRESPONDENT

CONCERN at the failure of exam NEWSPAPERS and television results in Britain's schools to companies were yesterday ordered to hand over unpubimprove since 1983-84 waa expressed yesterday by the Commons select committee on educa-

The committee demanded an

or CSE passes from the mid-1970s

ished film and photographs of a violent demonstration in January last year during the dispute over News International's Wapping of Education and Science in a plant in London. report on the Government's spending plans which showed considerable unease about key aspects of Britain's educational Making the order in a High Court sitting at the Old Bailey, Mr Justice Alliott said it was in the public interest that the mate-rial should be made available to a Northamptonshire police team investigating more than 440 com-plaints and allegations about The report pointed to a steady increase in the proportion of children achieving S or more O Level

police behaviour.

The Independent, Observer. Mail on Sunday, ITN, Thames Television and four freelance photographers had opposed the application by Det Supt David Wyrko, investigating the allega-tions on behalf of the Police Com-

pictures

plaints Authority.

They argued that the safety of cameramen and photographers would be increasingly at risk if they were seen as agents of the police antomatically handing over material. It would also compromise the freedom and independent of the process of the process. pendence of the press in Britain. Mr Wyrko said he believed the unpublished material would help "establish the truth" of what hap-pened that night.

"establish the truth" of what happened that night.

Mr Justice Alliott said he "wholeheartedly supported" a free and independent Press and he did not believe his order would andermine that. Mr Wyrko's application was "far from a fishing expedition" as he believed all the material he wanted had been taken at crucial in the London Borough of Brent, which became the subject of the property when Ms.

Monopolies body to study atomic energy agency

By David Churchill

THE EFFICIENCY of the UK Atomic Energy Authority is to be investigated by the Monopolles and Mergers Commission as part of the continuing programme of nationalised industry andits.
The investigation was

announced yesterday hy Mr Ken-neth Clarke, Trade and Industry Minister, Mr Clarke confirmed that the

London Underground would be investigated once the King's Cross disaster investigation was completed. The Northern Ireland Transport Holding Company is also to face an efficiency audit as

well.

The Government has opted been adopted by the University on numerous official hodies and for continuity in its choice of the under section 11 of the 1980 Competition Act to determine whether or not nationalised whether or not nationalised in gonce the Education Reform in the university funding and other while several section 12 of the property of the university funding council is a section 13 of the university funding council is a section 14 of the university funding council is a section 15 of the university funding council is a secti whether or not nationalised ing once the Education Reform industries and other public sector Bill becomes law.

Sir Peter Swinnerton-Dyer, a bodies are carrying ont their activities in an efficient manner former vice-chancellor of Cam-bridge University, was yesterday appointed the first chief execuand are not abusing their monop-

oly power.

The investigation of the Universities Funding UKAEA will look at all aspects of Council. the anthority's activities. Mr Clarke said he expected shortly to publish the report on the efficiency of Post Office

of concentrating resources on departments identified as centres of excellence, a policy which has

The all-party committee, which has a majority of Conservative MPs, also urged the Government to ease "the very tight constraints on the current level of science research." explanation from the Department The report concluded: "The

present level of funding is causing difficulties in the scientific community. The proportion of top-quality research project appli-cations which the research coun-cils are unable to fund is disturbingly high."

It warned of growing worries that the pool of qualified scien-tists and engineers from which to the early 1980s, but said there had been little improvament since It called on the Govern-ment to publish other perfor-mance indicators by which prog-ress in Britain's educational industry draws will in future be inadequate because of the impending decline in the number

of young people entering the labour market.

The committee questioned some aspects of the Government's educational planning. It asked the DES to publish projecsystem could be judged.

However, the DES yesterday rejected the suggestion that the trend of improving standards had been halted. It said the earlier

improvements had arisen tions of the balance between uni-because more children ware being entered for exams. plan for demographic changes.
Noting that 1,610, schools had closed in the 1980s, the report

also urged the Government to issue each year its expectations of the numbers of schools, school places, pupils and teachers for the following year.

The committee dismissed as both unresistate and readers has both unresistate and readers has

both unrealistic and undesirable government projections of a more than 60 per cent cut in capital spending in the non-university higher education sector this year, compared with last.

It also called on the DES to say how it intended to conform with

It also called on the DES to say how it intended to conform with the Government's policy of hiving off work from Whitehall Ministries into independent agencies.

Report on Department of Education and Science and Office of Arts and Libraries Expenditure Plans 1988-89 to 1990-91. HMSO.

E10.80.

Teachers' new Page 15.

Teachers' pay, Page 15

Review for race equality grants

MR DOUGLAS HURD, Home Sec-

times during the violence by people near to it.

It was in the public interest that Mr Wyrko should have access to it, the judge said.

Which declare the student of mational controversy when Ms Maureen McGoldrick, previously a head teacher in Brent, was accused of racism in 1986.

Mr Hurd said it was time to be controversy when Ms mational controversy when Ms ma

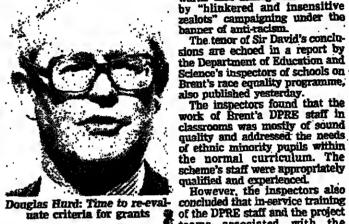
accused of racism in 1988.

Mr Hurd said it was time to look again at the criteria and procedures by which such grants are made under section 11 of the Local Government Act.

Grants amounting to about £100m are made under section 11, with 80 per cent of the expenditure devoted to education.

The Covernment says it wants to retain special arrangements for financing the needs of ethnic minorities arising from racial dis-advantage, particularly in the inner cities. But it will look at how that is done, including possi-hle alternative methods of financing and the need for clear objec-tives and "a framework within which efficiency and effectiveness can be measured.

Mr Hurd ordered an investiga-



In his report, Sir David Lane, a scheme. In his report, Sir David Lane, a former chairman of the Commission for Racial Equality, says gramme for Racial Equality in that after a had beginning the Schools. Home Office, 50 Queen scheme is now making a positive contribution. The Government will allow it to continue subject to "extensive undertakings" about the way it is run. It will demand independent monitoring. Canons Purk, Stammore, Middledemand independent monitoring. Canons Park, Stammore, Middle Sir David describes Brent's sex HA7 IAZ. Sir David describes Brent's

Heads named for university funds body

statutory powers. The precise way in which the Government will channel funds to the funding council which will in turn pass

them to universities, has yet to

be spelt out. Lord Chilver, vice-chancellor of

Cranfield Institute of Technology

since 1970, was also named yes-

terday as the funding council's part-time chairman.

concern to tackle racism and dis-crimination as admirable, but warns that damage can be done
by "hlinkered and insensitive
zealots" campaigning under the
hanner of anti-racism.
The tenor of Sir David's conclusions are echoed in a report by

the Department of Education and the Department of Education and Science's inspectors of schools on Brent's race equality programme, also published yesterday.

The inspectors found that the work of Brent'a DPRE staff in classrooms was mostly of sound quality and addressed the needs of ethnic minority panils within

of ethnic minority pupils within the normal curriculum. The scheme's staff were appropriately

teams associated with the scheme was not wholly effective. December after complaints that it scheme was not wholly effective, should not qualify for section 11 They made a series of recommendations for improving the

The funding council will come

fully into operation next April, although Sir Peter and Lord Chilver are likely to begin preparatory work before the end of the

Sir Peter will be paid £61,880 a year and Lord Chilver will be paid on the same basis for one to

established.

'to be Mercury'. By Hugo Dixon LARGE BUSINESSES WITH

Business choice

LARGE BUSINESSES will switch to Mercury Communications from British Telecomin in increasing numbers as a result of lower costs and a better quality betweek, according to a survey published by James Capel, the stockbroker.

The survey of 100 businesses with an average around tele-

MARIEN

offic

∯ area

with an average annual tele-phone bill of £3.5m was con-ducted last month. It shows that 84 per cent of companies expect to use Mercury, up from

expect to use Mercury, up from
48 per cent now.

Mercury scored higher than
BT on performance in each of
the categories telephone managers were asked about.

On the basis of this survey.
Capel is predicting that Mercury will have captured 7 per
cent of the UK telephone market by 1892. As a result. Merket by 1992. As a result, Mor-cury, which has yet to report a profit, should be earning operating profits of £260m in 1992.



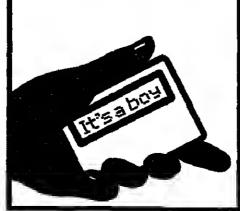
Computers and Communications.

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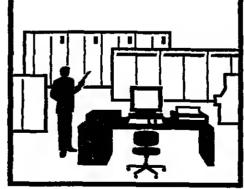
Pagers that do more than just beep. Ours can give you a message. And they alert you quietly by vibrating. Now that's



that is. NEC mainframe computers are responding to the needs of all types of offices and all types of requirements.

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Sir Peter, aged 61, has been closely identified with the policy



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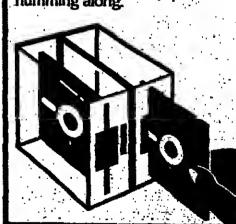
Lord Chilver, also 61, has sat two days' work a week.



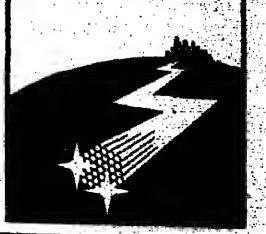
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Hair thin fibres that are thick with information—NEC's fibre optic technology makes communication of all idnds voice, data, text, images—as dear as a bell.



Single property ownership trusts meet tax obstacle

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

ahandoned.

The Barkshire Committee representing companies and institutions involved in the property industry, which has been sponsoring the investment vehicle, has failed to reach agreement ownership trusts and bad inserted an amendment in the strangements.

public this year, can only begin in truncated form. The plan was that three vehicles would be investment if they are tax-transfered — single asset property companies, property income certificates, and single property companies, property income certificates, and single property companies, property income certificates, and single property companies. Since lest year after the west of the property o

Since last year, after the passage of the Financial Services Act, negotiations have been takframework for the new market trust should make a capital gain, with the Department of Trade and Industry, the Inland Reverence in the regulatory to grant tax-transparency if a framework for the new market trust should make a capital gain, with the Department of Trade and Industry, the Inland Reverence evidently fears

PLANS to introduce single property ownership trusts as a new ments Board and the Stock medium of investment on the Exchange. The final drafting of Stock Exchange are likely to be ahandoned.

The Boalchim Committee and Investment of Stock Exchange complete. The Stock Exchange complete. The Stock Exchange complete is listing require.

arrangements.

That means that a new property investment market, likely to start with offers for sale to the wildlife this tone of the financial Services Act to permit their introduction, the scheme has fallen foul of the Revenue.

The Barkshire Committee

concession to single property ownership trusts, it would come under pressure to apply it to unit trusts. It has not been convinced that the new trust is exceptional simply because it deals with the collective ownership of one prop-

the Barkshire Committee are now talking among themselves about the next steps they could take, the indications are that they feel the tax difficulties are now insurmountable and that the introduction of the trusts will be

delayed indefinitely.

The tax difficulties on the trusts do not apply to property income certificates. The PINCs Association, another grouping of companies and institutions in the property industry, has received written confirmation from the Revenue that both income and capital gains for its vehicle are tax-transparent. Single asset property companies would be taxed like any company.

Company profits set to suffer as pension rules are tightened

COMPANIES THAT boost their profits by reducing or stopping contributions to their employee

contributions to their employee pension schemes are to be forbidden from reporting this as an immediate benefit.

The ruling, contained in a long-expected accounting standard published yesterday, will dent the profits of many companies whose pension fund assets have grown faster than their liabilities.

Such a situation has become common this decade with low inflation and high investment performance.

Since the 1986 Finance Act, companies have been required to reduce these surpluses, with many opting to do so by taking a "holiday" from their pension fund contributions for one or

nies to use the device three years a significant reduction in staff ago, looked to a contribution holinumbers. Several of the largest

with the company. This varies between companies and indus-trial sectors, but is reckoned to average about 12 years.

large companies reporting pen-sion fund surpluses by Bacon & Woodrow, consulting actuaries. the new standard would have forced these companies on aver-age to double their contributions last year, representing an average reduction in profits of £10m.

However, the accounting standard contains significant conces-Companies such as BICC, sions which will allow some com-Racal and TI have seen contribu-tion holidays lift their reported holidays as one-off profit profits by more than 10 per cent. enhancements. These include: Lucas, one of the first compa- • Where the surplus arises from

day of £21.2m in 1986 for more than balf of its UK operating profits, and a quarter of its group figure.

In future, companies will have will be allowed to continue to to spread the benefit of the holiday over the average tims employees are expected to stay with the company. This varies tutes an exceptional occurrence.

• Where a surplus is reduced by a refund to the company, the ben-efit can be taken in one year. However, under the Finance Act 1986 this is taxed at 40 per cent; contribution bolidays increase taxable income at the current corporation tax rate of 35 per cent

tional circumstances unforeseen by the actuaries who determined the level of contributions required to meet a scheme's lia-bilities.

Statement of Standard Account-ing Practice No 24, Accounting for Pension Costs, Chartac Books, Gloucester House, 399 Silbury Boulevard, Central Milton

Charities get financial guidance

BY RICHARD WATERS

THE FIRST-EVER guidance on resources already meant that it fund-raising by making it look as bow charities should report their was unable to pursue the more financial position, aimed at than 140,000 charities each year of donations. stamping out abuses among the which did not submit accounts. country's 161,000 registered charities, was published yesterday.

There are, however, no sanctions to enforce compliance with lines, said the guidance required the guidelines, which take the charities for the first time to give

The Charity Commission, which requests accounts from all registered charities, said that it directly to their reserves, artifi-would be unable to monitor com-cially depressing their reported pliance. It said a lack of income. This was meant to aid

speed of 56 cps.

Mr Fergus Falk, a partner at Touche Ross and chairman of the form of a statement of recommended practice from the
Accounting Standards Committee
(ASC).

Charites for the life time to give
a detailed description of the uses
to which their funds would be
put. Mr Falk said they should
also show all income received during the year. Currently, many took part of their donations

The guidelines were intended to improve the comparability of charities' financial statements, and not to crack down on fraud, said Mr Michael Renshall, chairman of the ASC.

Reports by the National Audit Office and a Home Office team both concluded last year that the filoho charity industry was inade-quately controlled, with the NAO reporting "disturbing evidence" of frand. Charities are not required by law to have their accounts audited.

Whitehall brushes up its sweet tooth tables

HOW THE Civil Service and its colleagues in local government managed to consume £95m worth of sweets and ics cream worth of sweets and use tream in 1984 is not known with any degree of precision, but appar-ently they did, the Central Sta-tistical Office reported yester-

We do know, however, that our officials have more of a penchant for the domestically produced sweet than for its foreign rival. They spent only \$20m on imported sweets that

The CSO has split the con-sumption of central and local sumption of central and local government in 1984 into 100 classifications — from "aluminium etc" to "rubber products" — but its work is likely to have a more lasting significance to the serious student of the British economy.

The details on government consumption are contained in the CSO's latest input-output tables for the UK. The tables provide a detailed analysis of the extent to which industry, in producing its final output,

in producing its final output, relies on the products of other industries and on imports.

Furthermore, the tables not only display the transactions between industries but the relationship of industries with both primary outputs and final demand. Such a level of detail allows economic model build-ers to look at the dependency of one industry on others and to see what effect a given level of demand would have on the

economy in general and spe-cific industries in particular. The comparison of previous tables also allows economists to track structural changes in the British economy. Since 1963, for example, Britain has become much more dependent on imports of capital equip-

The CSO said that "funda-mental change" in the eco-nomic structure of the UK reflected two factors: a rise in direct imports of capital goods from an estimated 5 per cent in 1963 to an estimated 20 per cent in 1984; and the effect of a rise in intermediate goods that went to British manufacturers of capital goods.

The CSO first published a set

of input-output tables for the UK in 1961. They were for the year 1954. They have published the tables on four other occasions since but up until now economists have been recking on tables produced. working on tables produced

Crown Agents sale 'distant prospect'

PRIVATISATION of the Crown Agents, the procurement and fined management agency for developing countries, is "an increasingly distant prospect" because of continuing demand for space in the legislative programme, according to Sir Peter Graham, chairman.

Mr Bryan and the other eight defectors all come from the com-pany's non-marine division, which is best known for its role He was writing in ths agency's annual report, published yesterday, which shows a drop in profits from £1.8m in in arranging complex reinsur-ance programmes for hig Lloyd's 1986 to £1.5m last year.

Conservation areas in the City get 27% of office permissions

cent of the new office space in the City of London during the 15 months to June 1987 was granted in conservation areas, according to figures prepared by the City's planning authorities.

However, the office schemes in the conservation areas were redevelopments, often behind historical façades, refurbishments or

extensions.
The analysis of City office developments is contained in a report monitoring land use changes and planning decisions made under the City Corporation's new local plan, recently which the archite in a replication.

subject to a public inquiry.
Planning decisions in the conservation areas underscore the difficulties for Mr Peter Palumbo in his attempt to win approval at in its streingt to win approval as a planning inquiry now under way for a new office building to replace eight listed buildings at Mansion House Square.

Mansion House Square is in

buildings and ascertain that any redevelopment preserves the character of a district.

The planning history contained in the analysis by the City planning office indicates that the Palumbo scheme, if brought to fruit tion, would not push back existing City planning limits for conservation areas in principle which 20 were for schemes as an international financial cen-behind existing façades. The planning permissions covered 3.1m sq ft or 27 per cent of the total new space in the City.

But, among the redevelop-ments, the new offices at the for-mer post office on St Martin's le

PLANNING permission for 27 per the heart of the City. Lying as it carned, near St Paul's Cathedral, cent of the new office space in the City of London during the 15 it is subject to planning restrictions designed to retain historic servation areas. servation areas. However, the redevelopments

listed by the planning officers in conservation areas were outside the heart of the City, in districts which are generally less environmentally sensitive than Mansion House Square. Their report shows that plan-

existing City planning limits for conservation areas in principle for 11.9m so ft of offices, which but would in terms of location.

During the 15 months to June increase in the City's office 1987, 88 planning permissions were given for works in City conservation areas. Of that total, 42 granted owed much to the desire were for redevelopments, of to consolidate the City's position which 20 were for schemes as an international financial combehind existing facades. The tree and to feed off competition

Speyhawk to construct offices over City station

By Paul Cheeseright

SPEYHAWK, the property development group, has started work on an office project above Caunon Street station in the City of London, after the arrangement of £115m of financing through a group of British and Japanese hanks.

The project involves the construction of two buildings, one of six storeys and the other of two, to provide 285,000 sq ft of office space. Speyhawk reached agreement with British Rail to use the space over the station two years

ago.

The decision to go ahead with the building in the face of evidence that the City office market is quietening after a period of bectic rent rises reflects the belief that new offices in a central mountain matter any tral location would weather any storm caused by overbuilding. It is thought likely that supply and demand in the City office market will reach equilibrium in

Dartford Tunnel to the A206 at Erith.

In rejecting the Russell Stonesham scheme he said there was no severe shortage of housing land or industrial capacity in the area that would justify overriding the strong presumption against development in the green belt.

His has told Kent County Council that their proposed site makes a valuable contribution to the Metropolitan Green Belt.

Mr David Hall, director of the Town and Country Planning Association, called yesterday for the building of a new generation of garden cities to help solve the housing problem in the overcrowded south-east.

His views might provide a triple of the solve the first time. ded south-east.

His views might provide a the first time.

boost for the concept of country towns in rural areas now being promoted by private builders Girozentrale, the German bank, such as Consortium Develophas paid £30m for a new City ments. He envisaged a dozen beadquarters - a 43,500 sq ft such cities outside the green belt building on Appold Street, adjawith populations of between cent to the Broadgate office com-75,000 and 100,000. cent to the Broadgate office com-plex by Liverpool Street station.

Green belt plans turned down

MR NICHOLAS RIDLEY, Envinorth-west Kent.

Together they would have amounted to one of the largest developments in the south-east in

recent times.

Mr Ridley has continually emphasised his intention to protect areas within the green belt and his action could go some way to placate his critics. They would have formed a

large new village in the Crayford Marshes, Bexley, on either side of the River Darent, Russell Stoneham Estates had sought permis-sion for a mixed residential development, an industrial and business park, a school site and open space covering 459 acres of the marshes near Erith in the

broker Nicholson Chamberlain

highly profitable divisions of Sedgwick Group, the biggest UK-based insurance broker. Mr

Bryan - one of the best-known

figures in London reinsurance — was a close friend of Mr Jim Payne, E.W. Payne's chairman.

Reinsurance executive

leads defection to rival

LONDON-BASED E.W. Payne, of London syndicates. Known as the world's second biggest rein- London market excess-of-loss

surance broker, has lost one of reinsurance, this type of business its leading executives, Mr Colin has traditionally been lucrative Bryan, who is leading eight other for brokers. It formed a core



Nicholas Ridley: Actions may placate his critics

asked permission to develop 711 acres of the marshes at Dartford. London Borough of Bexley. Mr Ridley has also rejected the Kent County Council had proposal for a bypass to link the

activity for E.W. Payne,

Murdoch may move Sky to Luxembourg satellite

man of News International, is channel.

likely to move Sky, his general it Mr Murdoch formally decides entertainment satellite channel to go on to Astra, it will be an to Astra, the Luxembourg-based important boost for the private satellite due to be launched in sector satellite company behind

be taken by the Sky board next UK programme providers whose

broker Nicholson Chamberlain and Colls.

E.W. Payne, which has more than 1,000 staff in London, had UK turnover of more than £60m in 1987 and forms one of the most highly profitable divisions of Sedgwick Group, the biggest UK. based insurance broker. Mr month.

The options under consideration include leasing as many as three channels from Astra. a contracts with Astra.

forward to the situation because to get cable television networks across it will give me a chance to get back in the market wearing out shoe-leather myself."

Nicholson Chamberlain and Colls was launched this spring by a group of former executives of Stewart Wrightson, the Lloyd's broker taken over last year by Willis Faber.

Individual formes as well as channel has already been cut from £49m to about £4m.

Support by Mr Murdoch could be used either for a film of Europe's public service broadcasters, including the broker taken over last year by Willis Faber.

MR RUPERT MURDOCH, chair- channel or, less likely, a news

November. the project, Société Européenne A final decision is expected to des Satellites. So far none of the

ning uepun or after-sales service to clients and that would not suffer. He added: "I am quite looking forward to the situation because cable television networks across from \$64 cm to about 25 cm. \$100 cm. \$100

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produces letter-perfect letters at a



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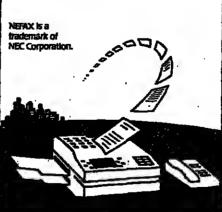
NEC is proud to sponsor International sports events like the Davis Cup, the Federation Cup and the fledgling World Youth Cup competition. We also sponsor the NEC World Series of Golf, and the prestigious Everton Football Club of the English



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For further information, piease cantact: NEC RING Ltd., NEC House, 1 Victoria Road, Landon W3 GUL, or phone 01-200 0200.



Exhibitions

LONDON

The Royal Academy. Cesanne. The Barly Years 1859-72. A concentrated and illuminating study of the forma-tive period of one of the greatest artists of the 18th century, who was also one of the great seminal figures of the modern movement. Ends

August 21.

The Rayal Academy Summer Exhibition. The 220th Summer Exhibition in an unbroken sequence and still the largest Open Exhibition of current painting, sculpture, prints and architecture in the world. At 1261 exhibits chosen from a submission of something above 12,000, the abow is a little smaller than usual; but it is as dense and bizarre as ever with

ok something above 12.00, the arrow is a little smaller than usual; but it is as dense and bizarre as ever with as many good things to be discovered. Daily until August 7.

arthican Art Gallery. Art or Nature—a thorough survey of French Photography in the 20th century as part of the "Images de France" Festival. The erhibition is especially strong in the attention it gives to the great individual photographers of the pariod, such Earlest. Cartier-Eresson, Brassat and Arget. End July 17. The Hayward Gallery. Two concurrent exhibitions: "Angry Penguins"—a fascinating study of the group of young painters active in Melbourne during and just after the Second World War. Sydney Nolan. Arthur Boyd, John Perceval and Albert Tucker are all shown in impressive depth. Both shows until

August 14.
British Museum. "Ukiyoe" — Images
of Unknown Japan. This large exhibition of enquisite quality, brings to
us, through the work of the greatest masters of the work of the greatest masters of the wood-block print, the magical "Floating World" of pica-sure and the senses that was the city of Edo (modern Tokyo). Until August 14.

August 14.
Rational Portrait Gallery. Paolozzi
Portraits — a small but intriguing
show of a body of recent work on a
subject that in general terms has
fascinated the Scottish eculptor,
Eduardo Paolozzi, throughout his
long international career. Until
August 7

NETHERLANDS

Amsterdam. Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and pre-cious metals spanning 2000 years of cious metals spanning 2000 years of cultural history. Ends August 21.

Amsterdam. Jewish Ristorical Museum. To celebrate the 40th anniversary of the founding of the state of Israel, an exhibition devoted to the theme of light in Jewish ritual, with lamps and menorahs specially commissioned from modern Israeli and Dutch artists. Ends June 12.

Amsterdam. Vondelkerk. The life and work of the Canadian planist Glenn Gould in an exhibition which includes screenings of legandary video recordings, including some never shown before. (Weekends until June 12). (Vondelstraat 120).

PARIS

Centre Georges Posspidos. Marc Chegall: 46 paintings, 406 drawings and gouaches and nearly all the illustrated books which have been given to the French state in lieu of death duties constitute a unique retrospective of Chagall's life and work. (42 77 12 33) Closed Tue. Ends June 5.

Galfele Schmit. French masters of the 19th and 20th century. The discreetly inxurious three-story gallery plays host, yet again, to an exhibition spanning a period rich with creativity and diversity. 396, Rue Saint-Honoré (4560656) closed Sundays and lunchtime. Ends July 16.

Galerie d'Art Saint Honoré. A vast allegory of war and peace painted in the steller of Hans Brueghel the edge forms a striking centrepiece of an exhibition of Flemish master-pieces. 267, rue Saint-Honoré (2801503), Ends June 15. Closed Sat, Sun, and lunchtimes. Pavillen des Arts. The magnificence of silverswittis' work in India dur-

Sun, and the states.

Sun land des Arts. The magnificence of silversmiths' work in India during the reign of the Moghuls testifies to their love of huxury. Everyday utensils like scissors, knives, betel nut and cosmedics boxes are chiselled and adorned with filigree open-work as richly as ceremonial objects and armour. 101, Rue Rambutes (42332250) closed Mondays and holidays. Ends July 17.

Galerie Odermatt-Cazean. Guillaumin's deep hine of the Mediterranean framed by green pine trees and crange earth entices the passer-by into an eclectic exhibition of some 50 works by the masters of the 19th and 20th century. 85 bis, Rue Fau-

and 20th century. 85 bis, Rue Fau-bourg Saint-Honors. (4266258) Ends

VIENNA

Historisches Hussum. Karisplatz. The cultural legacy of Vienna's Jews which has been preserved by Max Berger, makes up this large exhibition which conveys the sense of loss as much as the community's artistic richness. Ends June 5.

Anstrian Museum of Applied Arts. Kunst und Revolution. A rare opportunity to see, under one root, an enriting burst of creativity by Russian and Soviet artists between 1910 and 1982. Closes June 15.

Emetherians. Public spirit and protest: Bedeermeier and Vormers in Vienna 1815-1848. After the highly successful dream and reality exhibition which looked at finde siècle Vienna, the Austrians have gone back to the Biedermeier period (1815-1848). Ends June 12.

Rathaus. When 1933. Vienna's city hall is commemorating the Auschluss, the German annexation of Austria in 1938, with a large and courageous exhibition which shows how Austrians reacted to Hitler's march into Vienna and the eclipse and eventual destruction of the Jewish culture. Ends June 30.

American Craft Museum. An ambi-tious show that traces the history of American architecture back to the turn of the century and emphasizes the work of artists like Tiffany, Lawrie and Louise Nevelsoo who

were commissioned to add art to the architecture. Ends Sept 4.
Pierpont Morgan Library. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are
the illustrated letter, discovered
only months ago, to Noel Moore
that became the basis of Peter Rabbit and the entire sequence of 22
watercolours from The Tailor of
Clouweste last the Tata Collect Gloucester lent by the Tate Gallery. Ends Aug. M

WASHINGTON

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 9th and 8th centuries BC with subouetted stick figures and ending with the naturalism per-fected in the 5th century BC. Ends

fected in the 5th century BC. Ends June 12. National Gallery. To mark the 350th anniversary of the first Swedish colony in North America, a royal treasury covering four Swedish monarchs in the 16th and 17th centuries will show Sweden as a resplendent and aggressive world power through objects and 160 paintings on lean from the Royal Treasury, the national prosesum and the royal collections. East Wing. Ends Sept 5.

CHICAGO

Art Institute. A centenary retrospec-tive of the work of Georgia O'Keefe evokes the world of Gowers and skulls in the luminous light of New Maxico, Ends June 28.

Tekyo Metropolitan Art Museum, Ueno, Japan in the 1920s. Over 400 works (paintings, photographs, architectural designs, stage sets) tracing cultural and artistic devel-opments in and around the seminal decade when Japan first emerged as an industrial giant. Closed Mon-

days. Ends June 5.
Tokyo National Museum, Ueno. Art
Treasures of Ancient Egypt. The formal, hieratic art of Egypt is not to
everyone's taste, and works often
appeal more for their associations
with the cult of death or for their
lavish use of gold and other precious materials. This exhibition
est invocates from celers important pleces from col-lections in East Germany. Closes

Mondays. Ends June 12.
Tokyo Metropolitan Art Museum.
15ens. Japan in the 1226s. More than
400 works (peintings, photographs,
architectural designs, stage sets) tracing cultural and artistic devel-opments in and around the seminal decade when Japan first emerged as an industrial giant. Closed Mon Ends June 5

Venice, Palazzo Grassi. The Phoen rains: Falazio Grassi. The Fundar-cians: The fourth major exhibition at Fiat's imposing arts' centre on the Grand Canal attempts to give a complete picture of this extraordi-nary people, about whom few know-much, who dominated trade in the Mediterranean for over 1000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. (Until Nov 6).

WEST GERMANY

Frankfurt Stadelsches Kunstinstitut. Georg Baselitz. To commemorate the 50th birthday of the Berlin painter the museum is showing 150 painter the museum is showing 150 paintings and 30 pictures covering the period 1858-1964, and 17 wood-sculptures from the last 10 years. Durerstr. 2. Ends Aug 17.
Cologue. Romisch-Germanisches Museum. Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th century AD. Until August 28.

28.

cologne. Museum Ludwig. Picasso in the second World War. 120 paintings, drawings and sculptures covering the pariod from 1538 to 1946, showing the painter's influence on artistic life after the war. Bischoffsgartenstrasse 1. Ends June 16.

Music

LONDON

London Symphony Orchestra, conducted by Yan Pascal Torteller with Cecile Ousset, plano; Maria Ewing. soprano and Les Arts Florrisant, director William Christie. Royal Gala concert: Chopin, Charpentier, Lully, Ravel, Barbican Hall (Tae)

(638 881).
Philharmonia Orchestra, conductor
Giuseppe Sinopoli, Heinrich Schiff,
cello: Schubert, Schumann, Mendelssohn, Festival Hall (Tue) (228

Jisi).

Andon Classical Players, conductor
Roger Norrington, Melvyn Tun
piano: Beethoven Elizabeth Hall
(Tuc).

(Tue).
The Hask of Time, Festival Hall (Wed).
Andrei Gavrilov, piano: Schumanti, Schubert, Festival Hall (Thur).
London Symphony Orchestra, conductor/violin Shlono Mintz Schubert, Mozart, Vivaldi. Barbican Hall (Thur).

VIENNA

Vienna Philharmonic, conducted by Christoph von Dohanyi: Wabern, Brahms, Schoenberg, Musikverein. (Pri) (65 81 90.) (Fri) (65 81 90.)
Vienna Symphoniker, conducted by
Georges Prêtre: Debussy. Konzerthaus (Fri). (72 12 11).
Vienna Meszer: Orchestra, conductor
Emrad Lettner. Sofiensaele (Fri) (72
21 98 or 62 71 920).
Alban Berg Quartett. Konzerthaus

Theatre

LONDON

Cat on a Hot Tis Boof (Lyttelton). Ian Charleson and Lindsey Duncan lead this white-hot National Theatre revival of Tennessee William's play directed by Howard Davies. Eric Porter, absent from the stage for 12 years, is an electrifying Big Daddy. (528 2252)

(928 2252) The Common Pursuit (Phoenix). Sec-ond London chance for flawed Simon Gray comedy about Cam-

(Mon. Tues). (72 12 11.)
the Vienna Hefburg Orchestra and
the Vienna Sinforietta, conductor
Kurt Rapf: Mozart, Schubert,
Johann Strauss, Holburg, (Wed).

Amsterdam. Concertanous. Inais of the Fourth Eurovision competition for young musicians (Tue) (718 345). The Hagne. Philipzanl. Alath Lomberd conducting the Netherlands Philipzan Alath Lomberd Concert Choir. Beethoven (Thur) (80 98 10).

Nilmen. Vereniging. The Galderland Orchestra conducted by Leo Driebuys, with Emmy Verbay, violin, and Frederic Meindett, pisner. Brahms. Mendelssohn, Dvorfak (Wed) (22 11 00).

Brahms, Mendelsau. (Wed) (22 11 00).

WASHINGTON

National Symphony, Matishev Rostro-povich conducting, with Cherci Arts Society of Washington directed by Norman Scribner and Oustorio Soci-ety of Washington directed by Rob-ert Shafer, Mahler (Thur), Emmedy Canter Concert Hall (254 3778).

CHICAGO

Chicago Brilliante Chember Playara, V. Reynolds, Beethoven, Schubert (Wed), Orchestra Hall (488 8122). Chicago Syamhony, Kenneth Jean conducting, Juliana Markova piano. Torko, Grieg, Haydn, Respighi (Thur), Orchestra Hall (438 8122).

hridge graduates in love and publishing. Author directs good young cast of post-Pythou comedisus including Rik Mayell and Stephen Fry. (836 294, CC 200 9851)
Bany Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but leaser vintage than Hay Fever, but worth seeing. (379 6107)
South Pacific (Prince of Wales). Average, treditional revival of the great Bodgers and Hammenstein musical.

age, treditional revival of the grand Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritonal Emile Belcourt out of her

hair.
The Planton of the Opera (Her Majesty's). Spectacular, exoctionally nourishing new musical by Andrew Lloyd Webber. (238 2244, CC279 6131/

Lloyd Webber. (839 2244, CC378 6151/240 7200).

Polities (Shafteshury). Stunning revival, directed by Milke Ockreot and designed by Maria Bjorason. of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reanion in a doomed theatre. (379 5399).

Back with a Vangeance (Strand). Barry Humphries, indisputably the outstanding wadevillian of the age, has extended his triumphant London season to July 9. Dame Edna Everage has now earned full humanity in good taste, while the bibulons diplomat Sir Les Patterson touches new depths of degradation. (836 2650/4169)

(336 260)4140)
appoold (Aldwych). New Tom Stop-pord mixes esplonage, romence and higher physics in a splendidly tant and clever entertainment. Felicity Kendal is the oponymous intelli-gence agent, Rogert Rees and Nigel Hawthorne in elegant support. Dou-ble meanings and double identities abound. (836 6404, CC 379 6233).

Fences (46th Street). August Wilson hit a home-run, this year's Pulitter Prize, with the powerful tale of an old baseball player raising a family in an industrial city in the 1860s. trying to improve their lot but dogged by his own failings. (22)

doggen by ms to the latter of the latter of T.S.
Thever Num's production of T.S.
Eliot's children's poetry set to trendy music is visually startling and choreographically feline. (239

Checus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical

WEST GERMANY

PARIS:

Roser et Orchestre Des Grand Scoles, conducted by Henoit Giren Schuhert, Chopin (Mon) Seile 1989 (4668813): Trinstelle William Conducte, con dischaf by Lancelle William of

Orchestre Presscale d'Destarie, con-ducted by Jean-Pierre Lore, Essen-ble Vocal Jean-Pierre Lore, Essen-ble Vocal Jean-Pierre Lore, Praisit-Gioria, Groda, conceptos for Trum-pets (blon, Tue) Saint-Rocin Charcel, (4861826).

Jean-Prancole Heissen, Platen: Bea-thoven, Schubert (Blon) Councils, dos Champs Elysies (4861218).

Aroces, Grand Chorale, Bilitte, Orchestre du Campus d'Orsay: Schubert (Tue) Saile Pierrel (4863873).

Opera Goudque, Percusticus, figue, pianos concert: Kalvaka: Johnst (47425760).

(47425760).

Orchestre de Paris, and Epospablia
Intercontemporain conducted by
Pierre Boulez with the Conservatoire Choir: Berio, Schoenburg (Wed.
Thur) Salle Playet (4585623).

which the songs are used as sufficient rather than emotions. (200 soon.

Les Miserahles (Broodway): Led by Goim Wilkinson repeating his west fail role as Jean Vallets, the manniform speciacis of Victor Hugo's majestic sweep of history and pathor brings to Broadway Jesusan pagentry and drama; if not strict atherence to its original source. (200 6200).

music and trumped-up, silly 300. (396 6510).

Me and My Girl (Marquis). Even if the plot turns on front: mimicry of Pysmalica, this is no clease, with formalica, this is no clease, with for gottable songs and dated issuisments in a stage full of characters. But, it has preved to be a thrable Broad way hit with its thanvelious lead role for an agile, segging and daft actor, preferably British. (207 0655).

The Search for Signs of Indelligent.
Life in the Universe (Shanhower).
Lify Tuning repeats her Tray-ward winning sole perfectmence of the crazy people who tohabit her funny and strange inagination. Ends June 26, feet 3500. NETHERLANDS

Ansierdam. Stadeschorwhorg. The English-Speaking Theatre of Amsterdam continues its 10th anniversary summer season with two plays: System's American Gothic directed by the author, a macalare comedy about a family's reactions as the son-in-law changes unwillingly into a famous comic-book freak (fri, Sat), and Smetald City by David Williamson, a humorous look at realry and movel decline among Sydney's high-Bats (Wed, Thur), (24 23 11).

TOKYO

Operate no Kaijin (Nissej Theatro)

- better known as The Phanton of
the Opera. Andrew Lloyd Webber's
latest amast-hit aurives in Japan in
a production by Haroid Prince for
the Shiki Theatre Company which
is a virtual carbon copy of his Lon-

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COMMERZBANK SIL

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 26th May, 1988 a Dividend for the year ended 31st December, 1987 will be paid, as from 27th May, 1988 at the rate of DM. 9.00 per share of DM. 50 nominal, against presentation of Coupon No. 48 or lodgement of London Deposit Certificates for marking Square No. 11.

Holders of Profit Sharing Certificates are entitled to a distribution equivalent to 9.75 per cent: per annum for the year ended 31st December, 1987 and will receive DM, 9.75 for each DM. 100 nominal held against presentation of Coupon

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German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will, upon request, provide shareholders or their agents with the appropriate form for **SLICH recovery.**

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U.S. \$150,000,000 **Canadian Imperial Bank** of Commerce (A Canadian Chartered Bank)

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In accordance with the provisions of the Notes, notice is hereby given, that for the interest Period from February 29, 1988 to May 31, 1988 the rate for the final interest Sub-period from May 26, 1988 to May 31, 1988 has been determined at 71/2% per annum, and therefore the anguest of interest country to any 12, 1988 to 400 manual of interest country to 12, 1988 to 400 manual for rest payable against Coupon No. 15 of per U.S. \$10,000 municuli in stered form, on the relevant interest payment date hery St. 1985 with be U.S. \$180.91.

By: The Chase Mashattan Bank, N.A. London, Agent Bank

AND 1992 combined with the established presence of With the removal of trade barriers

OUR VIEW OF EUROPE

between E.E.C. financial markets on the near horizon, James Capel is moving rapidly to provide dients throughout Europe with a complete Pan-European investment service that features timely investment ideas and access to a network of 21 offices on four continents.

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The Property of the Control

Cinema/Ann Totterdell

Rendez-vous with death

Can't Buy Me Love (PG) Warner West End, Canon Haymarket, Canon Oxford Street.

ree laining from an aeropiane is a leisurely process too, if you have the nerve for it, and Clare (Ellen Barkin) the heroine of Siesta has plenty. When she wakes to find herself crumpled and bloodstained on a Spanish airstrip it is obvious that something out to the same thing out to the same thing. thing extraordinary has hap-pened, probably a murder, but we expect a conventional thriller. As fragments of her past come back to her — a lucrative and highly publicised free fall into a volcano, a reunion with a former lover which memory is the reality? Desperately trying to remember who is the victim of the murder, her lover or his jealous wife, Clare takes refuge with a desperately frivolous group of people who setze upon her situation as if

it were a new party game.

Siesta is the first film of Mary Lambert's a director with a distinguished record in commercials and music videos. (For Madonna, the Eurhythmics, Tom Tom Club). It is obvious that she has seen a lot of Fellini films, and that her expertise lies with visuals not actors, otherwise she might have more easily overcome the problems of a story overburdened with eccentricities; guardian angels, trapeze artists, religious manifestatious, and the

Can't Buy Me Love (PG) Warner
West End, Canon Haymarket,
Canon Oxford Street.

Almost as hig a question as who humped off grasping widow Emily Boynton (Piper Laurie) in
Appointment with Death is why she would bother to spend her you. Why no one claims this happens with other forms of death is not clear, perhaps drowning is a particularly leisurely process. Free falling from an aeroplane is a leisurely process too. If you was a summer powers to find the villain and the film. Only the situation and the film. Only the power and beauty of the coem around the Maine island where they live can eclipse her, eternally washing in and out but no longer delivering the whales who used to appear as a summer landmark in their youth.

A sort of On Golden Pond without the fireworks, Lindsay now who could then use his a leisurely process too. If you famed powers to find the villain when she is murdered there. There is another mystery. Why There is another mystery. Why do the directors and producers of Agatha Christie films persist in the fantasy that multi-star casts are a substitute for good film making, and why do actors collude with them by appearing in these unsatisfying productions? In this case everyone got a trip abroad which maybe compen-sates them (though not their

> ing roles and exciting action.
>
> There is a familiar assembly of and Jenny Seagrove in no particular order of merit, a murder is committed and they obligingly twiddle their thumbs while Poirot does some laboured brain-

audience) for the lack of interest-

The plot returns to a favourite Christie theme of whether the murderer might be more inno-cent than the victim, but director Michael Winner does not dwell on this. In fact he does not dwell on anything much, tearing through the story at breakneck speed and completely neglecting to establish tension or period (Palestine 1937) atmosphere.

fact that the missing corpse is Clare herself, her stream of con-sciousness her last hold on life. In The Whales of August there is an abundance of atmosphere and characterisation in search of a characterisation in search of a

Slesta (18) Chelsea Cinema
Appointment with Death (PG)
Canon Haymarket, Canon Shaftesbury Avenue
The Whales of Angast (U) Curzon Mayfair.
Planes, Trains and Automobiles
(15) Empire 1
A Tiger's Tale (15) Canon Panton
Street, Canon Tottenham Court
Road.
Can't Buy Me Love (PG) Warner
West End. Caron Haymarket.

the film grips the attention to the and because it deals with a subject — death — very few American directors (Woody Allen, Bob Fosse) have had the courage to address without sentiment. By the time Mary Lambert has a few inore credits, Siesta will probably have entared the afterlife of many rejected first films and because it deals with a subject — death — very few American directors (Woody Allen, Bob Fosse) have had the courage to address without sentiment. By the time Mary Lambert has a few inore credits, Siesta will probably about her fail sister, the exquisite Lillian Cish is the heart of many rejected first films and about her kitchan, fielding Davis's sniping remarks, she at the more credits.

Almost as big a question as who

what he was constructing was less of a film than a monument, but monuments have their place

Two characters thrown together in less serene circumstances are Steven Martin and John Candy in Planes, Trains and Automobiles, when the plane that should have got Steve Martin home for thanksgiving is first delayed, then diverted. But the nightmare does not really begin until Mar-tin, in an unusually restrained role as the fastidious Neal Page, characters played by Carrie finds himself at the mercy of Fisher, Lauren Bacall, John Giel-gud, David Soul, Hayley Mills Griffiths (John Candy) who has a coarse remark for every occasion and an unfailing confidence in the face of constant disaster in his ability to get Neal home in

> As they skirt round delicate problems like sharing the same motel room bed, driving a burnt out car that is almost mening, or innocently speeding the wrong attention. In between skilling way up a highway, Martin and Candy work their way with painful hilarity through every travelular tiger — there is much sanctimonial with a pet tiger — there ful hilarity through every traveller's nightmare. One particular
> moment, when Martin is
> stranded in a hired car lot surrounded by acres of cars – every
> car in the world, it seems, except
> the one for which he has been
> issued a key – perfectly captures
> the impotent frustration of
> administration cone wrong.

sciousness her last hold on life.

If the director's name were fragile theme: not death, not just get, but evolving personalities. The film saway with the stylistic addiction that inevitably comes with her for the film director. Uptight Martin too strenuous performances, and the importent frustration gone wrong.

The tieger retains any king or ung.

The tieger retains any king



tin loosens up and relemtlessly high school jet set. Working on cheerful Candy opens up. The the premiss that you are who you experience is as maturing for know he makes the most of an them as for the teenagers in merspected opportunity to hribe them. detention in *The Breakfast Chib.* one of the most popular girls in Machinery may fail them, but his class to pretend to be his human warmth does not. girlfriend for a month. At the end There is a bit too much warmth in A Tiger's Tale, a film so desperate for attention that it throws in a real tiger and a boa constrictor as supporting actors in case the central story of a ling Ron is transformed by Cindy teenage boy in love with an older woman (C Thomas Howell and Ann. Mercret) fails to hold the (Amanda Peterson) into a confi-dent, stylish swot. But Cindy, a girl whose way with her mother's credit cards makes a cast from case for school uniforms all on its own, in keeping her part of the bargain and defending bis gauch-eness learns more about human nature than he does. At the end of the month the class princess is humanised and the nerd has turned into an over-confident monster. Unfortunately this is where the obligatory moral point comes, and the mood flags momentarily while Ron learns

Hamlet/Birmingham Rep Michael Coveney

no whit a moping poet or a weep-ing mother-fixated neurotic.

Branagh means what he says when he reminds Horatio he's feigning madness. He does indeed lose all his mirth in the slow resolve of his interventions. He writhes in anguish at the recorded voice of the Ghost. "To recorded voice of the Ghost. To
be or not to be" is delivered, not
for the first time, to the attendant Ophelia. He thinks, as he
acts, out loud, and in public.
This is a perfectly valid way of
treating the play and it is cleverly supported with a consciously
theatrical Edwardian setting. Richard Easton's lip-smacking Claudius turns np for a good night out in white tie and tails



Sophie Thompson

The Renaissance Theatre Company of Kenneth Branagh and David Parfitt has now added Hamlet to its triumphant little sell-out season in the black hole of the Bhrmingham Rep's studio it theatre. On to proper venues next month, starting with weeks at the Belfast Opera House, bublin Gaiety, and Theatre Royals in Bath and Brighton.

Kenneth Branagh's Hamlet, directed by a notably quick and tender Prince of yore, Derek Jacobi, was always going to be interesting. How was an actor so definite and impulsive to convey the curious fruzen inactivity of the tortured avenger. The simple answer is that, having decided to step outside of the political system, Branagh's Dane finds plenty of outlets for his surplus energy. He puts on plays, as belits a cumming impressario, and toys with those around him like a puppet master.

The result is a Hamlet of tunusual power and individuality, no whit a monying poet or a weeping mouter-fixated neurotic. had the misfortune to garble his most famous speech on opening might.

Letters and messages abound

in this play, and someone is always handing on an envelope, something I had never noticed quite so much before. Hamlet, understandably, ends up with scant regard for the mail system. Branagh's Hamlet is not a drop-out, or a disaffected yupple. He remembers his texts and his philosophy very well. He finds reality in the life of the mind, his own, that only other people believe to be shattered. This intriguing interpretation is fresh, original and compulsively memo-rable.

Monsignor Quixote/Northcott, Exeter

B.A. Young

Graham Greene's book has been adapted for the theatre by Chris-topher Neame, who has already filmed it, and is given its world premiere as part of the Exeter Festival it will please devotees of the book (I am one) for its truthful presentation of both the movement and the conversation, which proves highly stageworthy; and this truth is an unexpected bonus, Deprived of the drive through Spain, what remains, one might ask, but end-less exchanges of talk, much of it concerned with details of Roman

Catholic practice and belief? Much more remains than you might expect, and George Roman's direction is full of visual touches that remind us that the action is mobile and mostly outdoor. Before a word is spoken, a BMW drives on to the stage and apparently breaks down. A little red SEAT enters from the other

bishop, a lanch so deliciously wounded robber; a visit to a prepared by his servant Teresa (Zoe Hicks) that he is subsequently promoted to be a Monsi-

These preliminaries do take rather a time; but, once over, we bidder to are ready to follow Father Quix-cession. adventures and the conversations at the heart of the book. They are reproduced closely enough to have won Graham Greene's approval, and it would be wrong of me to tell them all here when they can be read in a quite thin

porn-film when the Monsignor misunderstands its title, "The Maiden's Prayer;" a confronta-tion with a greedy priest who auctions his Virgin to the highest bidder to lead in his festive pro-

ote, out of favour with his own bishop, when he takes the road with Sancho and embark on the moment, give performances that

they can be read in a quite thin kind of everyday devotion that little Penguin. Father Quixote is the writing calls for. A cast of 12 little Penguin. Father Quixote is the writing calls for. A cast of 12 a liberal and rather naive priest, plays 35 parts with a notable and Sancho is the Communist ex-mayor of El Tobose, so they have a good many opinions to exchange.

Less intellectual adventures action, and a succession of modest but sometimes impressive scenes designed by Sean Cavaniachde a night in a brothel that applied the severe of the production has been configurately applied by Sten.

The first Erik Bruhn Prize for young dancers

This seems to be the season for new and Danish-Inspired dance prizes. After the Hans Andersen National Ballet of Canada has judges, and the prize is inclined as their modern choice.

The contest has been announced as a happily extravagant on the prize is offered as their modern choice.

The contest has been announced as a happily extravagant on the prize is offered as their modern choice.

The contest has been announced as annual. I am inclined to the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decisions — the immediacy of the belief that a yearly jamboree will decision — white the as annual. I am inclined to the belief that a yearly jamboree will decision — white the annual inclined as annual. I am inclined as annual. I am inclined as annual inclined as annual inclined to the wing and disgourges Father Quixote is a annual. I am inclined to the wing and disgourges Father Quixote is annual. I am inclined as annual. I am inclined as annual inclined to the wing and disgourges Father Quixote is annual. I am inclined as annu Prize for young dancers, with a single performance in a "classi-gala in Toronto's O'Keefe Centre. cal" and a "modern" section. Shortly before his death two years ago, Erik Bruhn, then director of the National Ballet of Canada, decided to fund a prize for young dancers from four of the companies with whom he had been associated during his illustrious career: the Royal Danish Ballet, American Ballet Theatre. our own Royal Ballet, and the National Ballet of Canada. Each would enter a male and female dancer, between the ages of 18 and 26, to compete for the laurels of "best" performer, the judges

being nominees of the competing Differences with the various other international dance competitions which invite the young took risks by opting for the Don advanced age for a dancer) — to text for dance competitions, but spin themselves silly in the pursuit of prizes, are evident. This contest is restricted to the four named companies as to entrants Pickford's rocketing elevation

The fascination for the audifrom the dancers and, not least, in variety of style. As the even-ing progressed, these became clear, as did the importance of

well-chosen choreography.

The opening couple, Canada's and decorous in part of the second act from La Sylphide, though gue, were sincere performers, but not helped in any way by their Tudor's The Leaves are Fuding, which needs Gelsey Kirkland's choice of material: the addled Viviana Durante and Errol

entry spoke of a rare joy in classic dancing, vividly communi-cated: here, surely, was a winner. ence, as for the judges, is in the evidence of national expectation dancers; Rose Gad Poulsen is The Danes sent two very young only 18, though already entrusted with leading roles in Copen-hagen, and she and Lloyd Riggins (American, and lately recruited to the Danish troupe) were fleet.

choice of material: the author's emotional and physical subject of idiosyncratic version of Swan if it is not to seem fatally naif.

American Ballet Theatre's couple, Bonnie Moore and Wes Chap-man, produced secure and wellmannered dancing in both the third act duet from The Sleeping Beauty and the balcony scene from MacMillan's Romeo. Neither piece, though, seemed more than dutiful in performances which minimised their differing sublim-

pas de deux with Kevin McKenzie, the dance singing with Chaikovsky's voice, and then convulsed the andience hy recounting three disastrous evenings she had known on stage, when the parrot-dance in La Bayadaer, a recalcitrant trap-door and a cripoline skirt with its own and a crinoline skirt with its own Lucas a pretty Olga. sense of purpose, were part of a rich fabric of theatrical mayhem.

The National Ballet's dedicated dance qualities and because of that indefinable but unmistakes-hle sense in which movement lives and beautifully speaks to us through their bodies.

Thus the first Erik Bruhn Prize: gratitude is owed to Barry Wordsworth, most sympathetic of conductors in accompanying the dancers, and to Merrill Lynch, ities of physical elegance and who sponsored the competition.

The inspiration behind the evening was, though, Makarova's performance of Glen Tetley's vovanturies was prelude to the naming of names. The laureates were Rose Gad Poulsen and Errol Pick ford, winners by virtue of their dance qualities and because of dance qualities and because of their dance of their danc Tatyana, tempest-tossed in the pulls away from Onegin (an amazing image to suggest how the mature Tatyana fights against the emotions of past years), are apart of a portrayal uniquely sensitive and uniquely

Clement Crisp

Nominatae Filiae/ICA

Claire Armitstead

The rescue of women from the male imagination has become an almost obsessive preoccupation of the latterday women's move-ment. In this instance a Cardiff-The first hurdle, which has yet to be successfully negotiated, is to find a language for the underbased project, under Polish directaking. Here is a piece rich with cultural resonance, which would seem in its own terms to be a tion, sets about the task with the high seriousness of knights in pursuit of the Holy Grafi. That they will fall to complete their

Nominatae Filiae is more spe-cifically a collaboration between the theatre research arm of Belgium's Cirque Divers and the Magdalena Project, an interna-tional venture which grew out of a three-week women's festival in Wales two years ago. Its mission, broadly speaking, is to pool expe-rience and creativity into the

merely a preamble to the main cause. We are presented with a woman artist painting at the turn mission is part of the tradition; the pursuit is all. of the century, from whose pal-ette trip dying swans, murdresses and martyrs who speak in many tongues and idioms but who are historically closeted by male sterectypes and preconceptions - a state symbolised by a profusion of picture frames.

There is a Piaf figure in black submitting herself, in tremulous soprano, to a rendition of La Vie en Rose there is a tousic-haired artist's model, who announces proudly that she specialises in

search for themes and variations that are uniquely female.

The first hurdle, which has yet to be successfully negotiated, is picture frames and collectively claw their way out.

This single, barbaric concept gives a sudden, breathtaking coherence to a tapestry of images that is stitched together by director Zofia Kalinska in patterns that become increasingly wild. The colouring of the work is a (dare ona say it?) Lorca-esque profusion of scarlets, whites and blacks, which build into a tableau viscout of martyrdom, fascinating if only because of the insight it affords into the androgyny of reli-gious iconography. The naked, There is a Plaf figure in black garlanded and martyred woman lace who rasps out her role mod-els (Medea, Rozane . . .) before poor, pretty St Sebastian, while the sex of an angel is anyone's guess (here, it is a playfully vain girl cherub in search of a starring

artist's model, who announces role). It is the power of the piece proudly that she specialises in suicide poses before dashing herisits chief achievement. Saleroom/Antony Thorncroft Wreck hopes sunk

Sales of treasures retrieved from the deep may capture the public imagination but this does not imagnation but this does not always lead to expansive bidding. Sotheby's made a great fuss about its auction of artifacts from the Medina, which was sunk by a German U boat off the Devon coast in 1917, considerably discomforting Lord Carmichael, the returning Governor of Bengal, causing him to lose the collection of oriental works of art that he of oriental works of art that he was bringing home. The vessel has been excavated by a Danish company, which invested £1m in the salvage operation. The sale yesterday produced just 524,692 towards its costs in the Billing-shurst auction room, underlining

jost how hazardous such exer-cises can be. Despite rumours that Lord Carmichael was bearing silver and
gifts for the King few of the
objects recovered had any real
value: they were the bric a brac
of an undiscriminating collector.
Top price was the £2,145 paid by
Howard of Stratford for a small
collection of black opals, which
were still new on the market in were still new on the market in were still new on the market in 1917. They need re polishing. The same dealer paid £1,220 for a mid 19th century cornelian intaglio, mounted in gold as a hracelet

Sotheby's is having a cracking week of sales in New York which makes the poor investor response to its recept share offering all the more bewildering. On Wednesday it sold American pictures for £11,816,967,(\$£2,251,850) with only 9 per cent unsold. This suggests that Americans have not completely deserted the auction

nouses.

The top price was the £1,109,931 paid for a portrait by Mary Cassat of Madame de Fleury and her child, painted in 1890. It was oneof the few occasions on which Cassat used a real maternal group for her mother and child paintings. The price was over three times the estimate.

"The Great Florida Sunset," as The Great Florida Sunset," as captured in 1887 by the 67 year old Martin Johnson Heade, a monumental work showing a pink streaked aky over a wild sombre marsh, sold for £876.261, on target. It is regarded as the last grand gesture of realistic landscape art in American painting.

landscape art in American painting.
"The Fisherman," by George Bellows, painted in California in 1917, sold for £759,426, way ahead of estimate, while "On the river," an impressionistic scene of a girl in a boat by Frederick Frieske,

Dairy Farm International Holdings Limited

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NOTICE IS HEREBY GIVEN that the Annual Report of Dairy Farm International Holdings Limited for the year ended 31st December, 1987 is available upon request from the Depositary and its

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Arts Guide

LONDON

Boyal Opera (Covent Garden). For what may be her farewell appearances here, Joan Sutherland leads a new production of Donzetti's Anna Bolena by John Pascoe. Richard Bonynge conducts, and the cast also includes Susanne Member, Dimitri Kavrakos, and John Aler. It is hoped Jon Vickers, Ill for the opening performances of the Peter Grimes revival, will this week be returning in the house. returning in the house.
Sogiish National Opera (Coliseum) In
place of the cancelled Ken Russell

Tamhäuser, Fidelio is revived, with members of the original Wagner cast – Kathryn Harries, Grasme Matheson-Bruce, Neil Howlett, and conductor Rees Bakels. Also in rep-ertory: Nicholas Bytner's wholly delightful new Magic Flute produc-tion, with Thomas Randle, Susan Bullock, Nicholas Folwell, and John Connell.

Conneil.

Royal Ballet (Royal Opera House,
Covent Garden) performing Oudine
(Fri, Sat, Thur).

London Festival Ballet (Sadler's
Wells). The Leff's smaller group
presents Christopher Brace's
full-length Gercia Lorca fantasy,
Cruel Garden (Fri, Sat) and then
changes to a quadruple bill (Mon to
Wed).

 PARIS Fanat (Paris Opéra). Conducted by
Alain Lombard with Fanat sung by
Alberto Cupid/Jean Dupouy; Mephistopheles by Jose Van Dam/JeanPhillippe Courts, and Marguerite
by Gabriella Banackova/Michele
Lagrange. This alternates with The
Nutracker (47 42 53 71).
Pina Bausch and the Wuppertal
Tanntheater (Théâtre de la Ville)
with Ahnen, in which choreography
reflects her gentler, and sadder, feel-

wan annen, in which choreography reflects her gentler, and sadder, feel-ings about human relationships (42 rings about Management, 74 22 77).

Thais (Opéra Comique). Massenet, combining religious feet by Lawrence Poster in Nicolas Joel's production

VIENNA

Stantsoper. Manon Lescaut by Puc-cini. Conducted by Silvio Varviso, with Anna Tomowa-Sintow, Margar-eta Hintermeier, Thomas Allen, Giu-liano Ciannella, Kurt Rydl.(Fri., Mon., Thurs) L'Italiana in Algeri by Rossini. Conducted by Claudio Abbado with Patrizia Pace, Agnes Beltsa, Anna Gonda, Ferruccio Fur-

ianetto, Alessandro Corbelli (Sat).
Un Ballo in Maschera by Verdi Conductor, Claudio Abbado. with Ludmita Schemtschuk, Danielle Borst, Luciano Pavarotti, Piero Cappucelli (Sun, Wed.) Andrea Chemier by Giordano, conducted by Anton Guadagno with Eva Marton, Ceslawa Siania, Ermanno Mauro, Matteo Manuguerra, Gottfried Hornik (Tues) (51444. Ext. 2859/2861.)
Valksoper. Die Fiedermaus by Johann Strauss, conductor Carlos Kalmar, with Gabriele Fontana, Elisabeth Kales, Rudolf Wasserlof (Fri) Der Freischutz by Weber, conductor Dietfried Bernet (Sat, Thura.) Die Zirkusprinzessin by E. Kalman. conductor, Herbert Mogg. (Sun). Das Land des Lächeins by Lehar, conductor Endolf Bibl (Mon, Wed). Glustino by Handel, conductor Ernst Mascrizendorfer (Tues) (51444. Ext. 2318/8319.)

NEW YORK

NEW YORK

American Ballet Theatre (Lincoln Conter Opera House). Spring high-lights include the world premiere of Mark Morris's Drink in Me Only With Thine Eyes, set to Virgil Thompson's score and Santo Loquesto's set, along with the new productions of Gaité Parisienne. (362 6000). Ends June 11.

New York City Ballet (New York State Theatre). Celebrating its 60th anniversary, the company has commissioned 20 works, including five with new scores, that punctuate the Balanchine, Robbins, Martins repertory with pieces by Lar Lurwyich and Paul Taylor, among others. Ends June 26.

NETHERLANDS

Amsterdam. The Notherlands Opera in the Dutch premiere of Nixon in China by John Adams, with libretto by Alice Goodman. Directed by Peter Sellars and designed by

May 27-June 2

ducting the Holland Festiva ducting the Holland Festival Orchestra. (Thur) (253 455). The Hagne, Danstheater. The Nederlands Dans Theater with the world premiere of Jiri Kylian's Kaguyahime, a Japanese fairy tale in music by Maki Ishii performed by the Dutch Circle Ensemble and members of Japan's Kodo Ensemble Wed, Thur) (69 49 30).

WEST GERMANY Berlin, Deutsche Oper. Der Troub dour is a Herbert von Karajan pro duction, Götterdämmerung has

duction, Götterdimmerung hes a strong cast led by Gwyneth Jones, Karan Armstrong, Toni Krauser and Gottfried Hornik. Der Fliegende Hol-länder has Simon Estes in the title role. Also offered: Giselle and

role. Also offered: Giselle and Schwanense. Bashung, Stantsoper. Cav and Pag stans Grace Bumbry, Glorgio Lamberti, Natalia Troitskaya, Viadimir Atlantow and Juan Pone. L'Elleir d'Amore festures Marie McLaughlin, Franz Grundheber and Rolando Panerai. Le Nozse di Figaro has Linds Piech, Eva Maria Terason and Peter Gelliard. Il Bartiere di Sivigha with Hallen Kwon, Eva Maria Terason and Geoffrey Moses. Also in repertory, a Eurt Moll Heder recital and La Bohème.
Cologne, Opera. Carmen features Vic-

ertory, a Kurt Moll Heder recital and La Bohème.
Cologue, Opera. Carmen features Victoria Vergara, Haraid Stamm and Josef Protechka. Britten's Ein Sommernechtstraum, produced by Willy Deciser will have its premiere this week. Die Zauberfütte is a well done repertoire performance with Hellen Kwon and Nadine Secunde.
Bonn, Opera. The highly accidined Die Meistersinger von Nürnberg is offered for the last time this season with Bernd Welkl outstanding in the title role, William Murray, Sue with Bernd welki obstraining in the title role, William Murray, Sog-Patchell, Peter Hofmann and con-ducted by Feter Schneider. Der Lie-bestrank in Giancarlo del Monace's production takes the leads Kristina Laid, Dalmacio Gonzales, Brian

اهکدامن الأمها



FINANCIAL TIMES

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Friday May 27 1988

Realism at the summit

THE IMMENSE media build-up which precedes all US-Soviet Only an eleventh-hour move to summits has proved to be very limit the debate on the treaty much a mixed blessing. It has the advantage of spurring on the two President Reagan and Mr Gorbaparticipants to reach agreements in important areas of East-West relations, but it can also distort the results. Both successes and failures tend to be exaggerated, leading sometimes, in the first case, to disappointments in sub-sequent months and, in the second, to an unnecessary period of

It is to the credit of both President Reagan, who would like to end his presidency in a blaze of glory, and Mr Gorbachev, whose domestic standing would ha enhanced by another foreign policy success while his economic reform programme is still under attack, that they have main-

Few fireworks

Officials in both Washington and Moscow have stressed that the world should not expect the fourth summit between the US and Soviet leaders to produce the same kind of fireworks as the last one in Washington in December 1987, when the INF treaty abolishing ground-hased mediumrange nuclear missiles was

signed.
Indeed, it has been stated plainly that there will be no sig-nature on this occasion of a treaty reducing by half the superpowers' arsenals of long-range strategic nuclear weapons, as was originally hoped. Though considerable progress has been made on the way to a Start treaty in the Geneva nuclear arms control negotiations, there is still disagreement on a number of vitally important issues. It would have been courting disaster to have attempted to rush through a highly complicated accord without a clear solution to such contentious problems as whether mobile land-hased missilea should be permitted or whether the US should be allowed to deploy submarine-based cruise

nuclear missiles. The history of the INF agreement has proved to be a salutary lesson to both sides. Though it was negotiated down to the finest

before the final vote may enable chev to exchange the instruments of ratification in Moscow and thus put a gloss on what is likely to be a meagre catalogue of arms control agreements.

It may be possible, as President Reagan has indicated, to reach a Start agreement before the end of the year, to be signed at a final summit before the US President leaves the White House. Yet it must be assumed that the Senate will be even more rigorous in its examination of the much more complicated verification provi-sions of a Start treaty than it was in the case of the INF agreement. Realistically, it is probable that ratification will have to await a new President.

be judged on immediate results alone. President Reagan's and Mr Gorbachev's main achievement is to have created an atmosphere of much greater mutual confidence between Washington and Moscow, which has permitted a genuine relaxation of East-West tension. in the absence of such a regular exchange of views at the highest level, which gives a much needed political impulse to the solution of seemingly intractable problems, an INF agreement would probably not have seen the light of day and the Soviet military withdrawal from Afghanistan might not be taking

Durable improvement

If the same kind of goodwill is now applied to the solution of other regional problems, such as the Iran-Iraq war, the Arab-Israeli conflict and eouthern Africa, all areas in which the two sides have started to draw closer, and further progress is made on human rights issues, the summit formula for dealing with interna-tional problems will have found its justification.

What is important is that summits should be demystified. They should be seen not as providing instant panaceas, but as a continuing process for defusing US-Soviet and East-West tensions

detail, its ratification has been and for laying the foundations of held up in the US Senate for a durable improvement in rela-months due to objections to its

Stewart Fleming and Quentin Peel look at the forces that have pushed the superpowers together

Closer than ever before

THE MOSCOW SUMMIT, which starts on Sunday, runs the risk of being seen as essentially symbolic. It lacks the draas essentially symbolic. It lacks the dra-matic centrepiece provided by the sign-ing of the Intermediate Nuclear Forces (INF) treaty in Washington in Decem-ber or the dramatic discussions at Rey-kjavik a year earlier. But the fact that the summit is going ahead without a substantial agreement to sign — on strategic nuclear arms cars for examstrategic nuclear arms cuts, for example, or resolving some issue of regional contention - underlines its importance as part of a remarkable new process of regular consultations between Moscow and Washington.

In the two-and-a-half years since President Ronald Reagan first met the Soviet leader, Mikhail Gorbachev, at the Geneva summit in 1985, the two superpowers, while not abandoning their visceral hostility, have entered into a more businesslike relationship than at any time since the Second World War. "I think you are seeing a degree of engagement on a range of issues such as we have not had before, says Mr Heimut Sonnenfeldt, a former top State Department official whose summit experience stretched from the Eisenhower to the Ford presidencies.

"There is really nothing that is off the agenda, whereas we, in our period of doing this, found there were soms areas that were fenced in. On human rights issues . . . for example, we could leave papers on the table that were picked up by unseen hands at the end of the meeting, and we could talk about individual cases. But it was just not possible to talk about religion or psychiatric wards or all the other issues that are being talked about

In Moscow, Mr Georgy Arbatov. Director of the Academy of Sciences' Institute of US and Canadian Studies makes a similar comparison with the past: "Previously, our goals were more limited . . . to lessen tension. Now we have the possibility to move towards demilitarisation in Soviet-American relations, to remove the infrastructure of the Cold War."

Not only is it the fourth summit since 1985, but since then the two chief diplomats, Mr George Shultz, the US Secretary of State, and Mr Eduard evardnadze, the Soviet Foreign Min ister, have met no less than 26 times for substantive talks. At lower levels, a whole host of government officials, husinessmen, journalists, academics, scientists, actors and writers and musicians, not to mention plain tourists, have stepped up their contacts in a flurry of mutual exploration and dis-

This depth, range and continuity of negotiations mark a maturing and normalisation of superpower relations. "It is no longer a process of detente
between ideologically different countries but a process of negotiation
between great powers," says Mr John
Hardt, Associate Director of the Con-

gressional Research Service.

The improvement of relations has been helped by the behaviour of the two countries' leaders. Mr Gorbachev has proved more radical and Mr Reagan more pragmatic than might have been expected. And in Washington's case the departure from the Administration of hard-liners such as Defence another pragmatist - Mr Shultz - in charge of foreign policy. But beyond such short term influ-



ting better, as a backdrop against which he can push through this crucial stage of persstroika," according to one seasoned foreign observer in Moscow.
"When superpower relations are had, there tends to be a total closing of ranks internally, in order to give the

emy no encouragement. "It is only against a stable background that Gorbachev can afford the degree of relaxation in control of infor-mation that he is now indulging in."

The ambitions of peace and nuclear disarmament are genuinely popular with the Soviet people. And the stature Mr Gorbachev gains from the summitry undoubtedly gives him protection from possible domestic criticism. Smiling photographs of Mr Gorbachev and Mr Reagan can only enhance the prestige of the Communist Party General Secretary, at a time when there is no obvious successor in sight, even including his rumoured rival and deputy, Mr Yegor All these are benefits Mr Gorbachev

can hope to gain from the maturing of the relationship with the US. But he must face some risks in the process. One intangible risk is the extent to which the whole process of exposing the West in general, and the US in particular, as something less than the epitome of evil will raise expectations which cannot be fulfilled. Given the slow progress of perestroika in boosting economic growth, raising quality standards, and producing more goods in the shops, the sight of Western living standards on the television, in occasional advertisements, in Western fashion magazines and films, must be frustrat-

But beyond such short term many ences there are longer term pressures on the two nations which are encouraging them to seek a more stable modus vivendi.

Mr Gorbachev, for example, "needs to me conditions of semi-prohibition - has in conditions of semi-prohibition - The wivendi.

Mr Gorbachev, for example, "needs to have an international climate which is demonstrably relatively stable and get-

Observer

upheaval in the lives of ordinary work-ers forced to change their cosy jobs and working habits, the psychological onslaught of daily revelations about the iniquities of former regimes, all serve to create a climate of confusion.

The Soviet Union is currently far more concerned with this internal upbeaval - the process of economic reform at the workplace, political reform in the ruling Communist Party, and most noticeable of all, a positive torrent of discussion and debate in the media on every subject from the crimes of Stalin's dictatorship to the inefficiency of the Soviet telephone system than with foreign affairs. The danger is that the complexities f international diplomacy, of master-

The United States, like the Soviet Union, senses that its commitments have begun to exceed its resources

ing the intricacies of strategic arms limitation, the Middle East and the like, will distract Mr Gorbachev at an extraordinarily difficult time for internal party politics.

The fact that Mr Gorbachev's draft law on co-operatives - a key part of his

- was not ruhber stamped this week in the Supreme Soviet is just one vivid illustration of why he cannot afford to drop his guard.

He is not alone, however, in needing to balance the attention given to for-eign affairs with the need to address domestic economic issues. There are economic pressures on the United

The drastic restructuring needed to transform the Soviet Union into a mod-ern advanced industrial state, is not, of ern advanced industrial state, is not, or course, comparable with the economic issues surfacing in the American election campaign. But economic pressures are encouraging American policy makers to hope for a breathing space during which the intensity of competition with the Soviet Union can be lessened and greater emphasis put on exploring opportunities where their interests may coincide — on arms control, for example, nor containing regional conflicts in

areas like southern Africa. "Security has a lot more to do with economic canacity and our status in the international economy than we have acknowledged. We have defined it rather too narrowly in many of these debates," says Mr John Steinbrunner, Director of Foreign Policy Studies at the Brookings Institution, a Washing-ton think tank.

This is a judgment which is shared increasingly even by many of those who were once the staunchest advo-cates of President Ronald Reagan's \$2 trillion (million million) military build-up.

Politicians on both sides of the politi-

rouncians on both sines of the point-cal fence are concluding that the mili-tary strengthening has been accompan-ied by a weakening of the manufacturing and financial base of the country. The US is suffering, on this view, from under-investment both of cash and political capital in improving the competitiveness of domestic industry and in the nation's human resources (for example, in education). Economic uncertainties abound: for

example, the dependence on foreign investors to finance the current account deficit; or the restrictions that federal budget deficits impose on Washington's ability to respond to changing domestic and international priorities, civilian and military. This in turn is putting undesirable strains on relationships among the Western allies, reflected in the US in the growth of protectionist sentiment and unhappiness with the sharing of the burden of

Western defences.

The active search for affied support in sharing the economic burdens of superpower status is the clearest indication that the US, like the Soviet that the use of the commitments. Union, senses that its commitments

Union, senses that he commitments have begun to exceed its resources.

Since 1985, US military spending adjusted for inflation has declined by around 10 per cent. But the Pentagon's plans have not yet adjusted to the amount of meney available.

"Even if military spending is held to

the present level the next Administra-

the present level the next Administration will inherit a huge shortfall
between the cost of currently planned
defence programmes and the resources
available to pay the bill, write Mr
Lawrence Korb and Mr Stephen Daggett in a new Committee for National
Security study of the military budget.

The 1989 budget request put in by Mr
Frank Carlucci, the Defence Secretary
— the most modest defence request of
the Reagan era — represents the beginnings of a painful retrenchment, they
suggest. Some fear it could mark the
beginning of another of the drastic
downturns in defence spending which
have characterised the last 40 years.

The trend towards lower defence
spending is facing the US military with
harsh choices, which it must take into
account in setting strategic priorities
and in arms control negotiations with
Moscow.

Moscow.

The Brookings Institution's Mr Stein-hrunner argues that both sides are coming under similar pressures to cat their strategic nuclear arsenais. The up to 50 per cent cuts under discussion can be achieved, he maintains, without having any negative impact on either side's security. There is now, he argues, more security to be gained from regulating armaments than from technical

It would be wrong, however, to sug-gest that a broad coincidence of inter-ests gives an unremitting inevitability to this new era of US/Soviet engage-

in Washington: officials are eyeing Central Europe nervously, for example, and expressing fears that a region which has given the world many wor-ries in the past could once again be a source of unpredictable tensions. Thus, paradoxically, the emergence of trends towards liberalisation in Eastern Europe — something that from Washington's perspective could be labelled a success - might be a source of new

For Mr Gorbachev, the risks are greater. Yet he seems to have calculated that, for him, there is no alternative. Foreign policy successes may not win him the party conference support he needs to entrench perstroika, and June will be a long, hot struggle for the soul of the party. But without the summit be would be worse off, not better.

More than that, if he can prove to his deprectic audience that there is a clear domestic audience that there is a clear relationship between internal reform and external credibility, and that his advisers' claim that the summit will "bury the corpse of the cold war" is a reality, then he may yet win a few more sceptical hearts and minds for

That inch-by-inch process of conver-sion is taking place in Washington as well as Moscow. The deepening and widening of the relationship between the two nations reflects, perhaps most of all, the fact that more and more American policymakers are starting to see Mr Gorbachev, in Mrs Margaret Thatcher's words, as a man they can do business with

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Deficiencies of law making

THE USUAL complaints about the formalism, high costs and inaccessibility of the English judicial process have been overshadowed recently by the disharmony between judges about some basic principles of UK law and the consequent unpredictability of their decisions.

The rejection by the Court of the provided with an opportunity to correct it in the Leyland case, the Law Lords only side stepped it by inventing the "right to repairs".

In the Lego case, they have now weakened the spare parts copyright hut left it to lower courts to interpret their judg-

Appeal of claims against member resulting uncertainty stretches states of the insolvent interna-back to the past as the judgment tional Tin Council is seen as a is, of course, retroactive, as are reversal of the generally accepted view that companies and partnerships can limit their liability the Law Lords imposed stricter towards creditors only when requirements on employers than their limited liability is regis-tered and shown on their letter-tered and shown on their letter-

Instability

Another decision, this time by the House of Lords, revealed an alarming instability of their Lordships' views on one of the fundaships' views on one of the fundamental features of the arbitration process. The judgment concerned the old prohlem of whether courts can strike off arbitrations left pending over the head of the defendant, like the sword of Damocles, by a plaintiff who remains inactive cometimes for many contempts about the defendant of the def inactive, sometimes for more

than 10 years.
Some eight years ago, Lord
Donaldson, Master of the Rolls,
then a High Court judge, held
that arbitration should be struck
off in the same way as litigation off in the same way as litigation would be under such circumstances. He was confirmed by the Denning Court of Appeal, but to the disman of the business court the dismay of the business community this decision was reversed by the Law Lords in

Seven years later, in Food Cor-

An alarming besitation and tation. lack of lucidity in the interpreta-tion of statutory law – itself need for a much greater and fas-obscure enough – has been dem-ter legislative intervention in onstrated by the courts in the business law. This would be posindustrially important copyright protection of spare parts. This matters, as for example arbitrawas established by High Court tion procedure, could be prodecisions which experts, includdecisions which experts, includwith absurd consequences, project.

The rejection by the Court of ment in a variety of ways. The

pean Community rules - and they did so again without limit-ing the retroactive effect of their

While so radical on equal pay, repealed."
If other professionals operated

in this way, they would expose themselves to malpractice suits. In the case of judges, one must seek remedies on a higher plane. ence of personal idiosyncrasies,

Retrospective effect

Second, when judges upset Seven years later, in Food Corporation of India, the Law Lords now say that they were wrong to reverse Lord Denning. They suggest Parliament should undo their misjudgment – though it is difficult to understand why they could not do it themselves and reject the appeal on the facts, if they thought fit.

An alarming hesitation and

Currie for the LBS

The successor to Alan Budd at the London Business School is David Currie, presently head of the economics department at Queen Mary's College, London. News of the appointment drew general approval from City economists when it filtered through yesterday.

deterministic and etochastic worlds. ("Stochastic", a word now rarely used, means pertaining to conjecture.) His admirers say that he will adapt — perhaps even to the simpler ways of economists when it filtered through yesterday. yesterday.

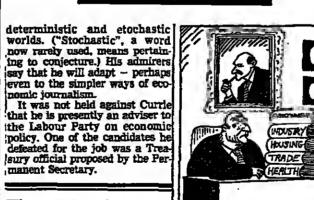
Budd takes over as economi adviser at Barclays on August 1 and Currie hopes to be installe at the LBS shortly after that. He will take over all Bndd's old duties, including directing the School's Centre for Economic

The chief talking point is what sort of economist he is. Budd started as a monetarist, then par-tially recanted Currie is vari-ously described as a Keynesian, an unreconstructed Keynesian or a semi-reconstructed Keynesian. depending on which economist you speak to. All of them agree that he thinks the money supply is important in the formulation of economic policy.

Much of his recent work has been on the exchange rate and the setting of appropriate targets. No chess queens for economies suffering from external shocks. David Morrison of Goldman Sechs, who wrote the recent paper on sterling that sent the pound shooting up against the Dmark describes him as one of the best of the modern aca-

Currie is 41. He took a first in maths at Manchester in 1968, a further degree in national economic planning at Birmingham and did his Phd at Queen Mary's College. He has advised the Treasury and the Bank of England and is currently a visiting consultant to the research department of the International Monetary Fund, where he was yesterday.

A question has been raised as to whether he can write the sort of English that non-economists ing leading judges, always con- both Houses of Parliament and can understand. One of his tions have sidered to be a misunderstanding treated as a bipartisan legislative articles is called Time inconsis- difference. tency and optimal policies in



The roses arrive

manent Secretary.

Full marks to Felton'e florists of Cheapside and the new Inter-flora service to Moscow. A "test" bouquet of pink roses were delivered to the wife of our Moscow Correspondent late yesterday afternoon. The £30 charge, including £10 for handling and VAT, left £20 which ran to seven pink roses, lots of greenery a ribbon, and two delivery women with heaving coules. with beaming smiles.

The provision of an interna-tional chess tournament to give 23-year-old Susan Arkell the opportunity to become Britain's first women'e international chess grandmaster has raised a few eyebrows at the scoring distinc-tions between male and female

Women need fewer points than men to achieve grandmaster sta-tus, but as a result have to live with the implication that they belong to the more stupid sex.

Arkell can live with this and puts it down herself to "probably something in the hrain"

international chess challenge at Minories House from today until June 7, feels that social conditions have more to do with the

scoring structure is wrong and blames the indifference to change on a World Chess Federation "run by some extremely chauvinist third world patricians".

Oonagh Whitty, a partner at Watson, Farley and Williams solicitors was surprised to hear of the scoring arrangements. As she pointed out, women solicitors on average achieve hetter law The British chess grandmaster degrees than men and because of Ray Keene, who has organised this have become highly prized in the Watson, Farley and Williams City firms. City firms.

good as boys until they reach puberty, after which they tend to let the boys win."

That did not apply to the world's leading woman player, Maia Chihurdanidze who was

beaten physically by her mother

if she lost. She is still ontside the

top men's rankings and even in the Soviet Union, where chess coaching starts early, the man

Keene thinks that the different

outperform the women.

Fenchurch bets

ifference.

The first bookmakers shop to Democrats. The T mixed schools girls are as be installed in a railway conto make a choice.

course opens at Fenchurch Street Station next week. Station man-ager Wilfred Raleigh said he did not know whether the 33,000 daily commuters in his care were a gambling lot.

He thought it unlikely that the hookmakers would be taking wagers on the arrival of trains. His station, he said, had not been too badly affected by problems with the new South East network timetable, unlike Waterloo where the spate of guard throttlings is beginning to subside. beginning to subside.

Kensington shocks The Parliamentary by-election

in Kensington caused by the death of Sir Brandon Rhys Williams last week promises to be among the most famous ever fought, partly because of the nature of the constituency and partly because it will be the first this Parliament. this Parliament.

this Parliament.
On Wednesday night the local
Labour Party voted by a narrow
majority to drop Ben Bousquet,
its candidate at the last two general elections, in favour of Ann
Holmes who stood in 1979. Bousquet is a moderate black whom
the local organisation thought
might not be able to stand up to
the heat of national media coverage. Although Holmes stood for age. Although Holmes stood for Calder Valley in the last general election, she has political roots as a councillor in the Kensington

Bousquet and Rhys Williams were good friends, often cooperat-ing to forestall violence in a con-stituency where the Notting Hill carnival creates tensions as well as pleasure every summer. Both were resentful that their national party headquarters refused to recognise that Kensington was a potentially marginal seat at the last two general elections.

The centre parties have their own troubles. A spokesman for David Owen's SDP said yesterday that one of the four candidates hoping to be selected as its candi-date is Tim Brittain-Catlin. nephew of Shirley Williams who is now in the Social and Liberal Democrats. The Tories have yet

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"FATHER, is your Son a Thatch-erite?" To tell the truth, it is not given to any of us to pull off an interview with the Highest Authority, at any rate not while we are down here — but where else could a computer-bound scribe or?

To a deus ex machina, of course. For the answer to Britain's political question of the moment could not be found upon the earth. It has to come from Above, as befits the and of a week that began with the Prime Minister, Mrs Margaret Thatcher, musting account of quoting scripture in support of her policies and continued with a flurry of theocratic argument of a quality thet would be spurned by the Tehran parliament on an off-

day.

"How can yon ask thet?" It sounded like a booming female Voice coming down from the early summer aky. "Not even she has claimed that any part of Me is what you call Thatcherite. When she addressed the Elders of When she addressed the Elders of my Scottish House she spoke approvingly of my Chosen ones, the Jewish prophets and their Old Testament. But most of them failed to recognise my Son when I sent him down to earth, perhaps because he was in the raiment of a good Jew himself. He was born in a stable, of humble parents, but she did not dwell upon this

There was a pause, and a feel-ing that thunder was building up

"She spoke of Paul, who never got over his conversion on the got over ms conversion on the road to Damascus, and bangs on about it even to this very day, the Voice continued. "It gives a meaning to the notion of Eternity that is entirely new." Was that a slight chuckle I heard? "She reminded you that Paul said in his Second Epistle to the Thessalonians that if a man will not work he shall not eat. This did not mean that if a man has to pay six tithes of his income in pay six times or his income in taxes he shall not work but that if he has to pay only four tithes he shall work like the Fallen Angel himself. I sometimes won-der why I gave some people the gift of Logic. For she need look only at herself for the answer. She boasts that she pays herself less than she could, yet I can confirm that she works thrice as

hard as any in the land. There was a most charitable use, while my hand struggled to take the verbatim note.

"Ready? — She was given the
Talent of a good legal mind. She
should use it. The trouble is that
you all hurt her feelings when you called her "milk-snatcher" in the early part of her career. She does not like being thought of as hard, or uncaring. But give credit where it is due. At least she does not argue, even in my most mud-dled English House, that my Son died on the Cross as an act of Sacrifice for the wealthy or the enterprise society."

POLITICS TODAY

Not quite the Sermon on the Mount

By Joe Rogaly

"I see what you mean, My extremely iffy about us blacks."

Lord. All that stuff about it being easier for a camel to pass through the eye of a needle than for a rich man to enter your thing. I just used a female Voice Kingdom in Heaven. And thet and said us blacks' to make a

Even for one of my Lesser Creations you really are pretty studied poor, white, black, male, female, clever and, from the male, it is as you saying, dolt, that it is OK, as you put it, to be anything at all — provided you know and poor, white, black, male, female, the life of the Spirit, and understand that Love for me is clever and, from the male, it is of the same as Love for all my Creating the male, it is of the same as Love for all my Creating the male of the tinct rumble from the gathering clouds) even those as stupid as you, are all part of My Kingdom. My Son was not sent down to Earth to preach against any class

In Mrs Thatcher's kingdom the strong current of favour is for the rich and successful, not for the poor'

of human being. He is not any more against going into business now than he was when he was King of the Jews' in Bethlehem. He did not even speak directly against the Romans. Render unto Caesar . . .', he said, and I was prond of his quick-wittedness in what could have been a

tight spot at the time."

There was a sudden spread of hlue. A ray of sunshine beamed says that everyone should do
their best with the abilities they
process of wealth creation in the
have. It is a matter of the total of
love for all the inhabitants of My
Kingdom. In her kingdom the
Christian Socialists of the last

time He went into the temple to clear out the money-changers. Of course – He was against the rich."

"You still do not understand."

"I am saying, doit, that it is

tures."
"Perhaps you are saying that it is hard for someone who concen-trates on being very rich to find time and energy for the life of the time and energy for the life of the spirit? This is the interpretation of the story of Dives and Lazarus that is given to the book of one of Mrs Thatcher's most influential advisers, Professor Brian Griffiths. According to Professor Griffiths's book, The Creation of Wealth, this parable teaches that wealth gives people a false sense of security. It deadens the life of the spirit, it makes people unresponsive to the good news of the gospel. According to Jesus it leads to an indifference to the suffering and poverty of the suffering and poverty of the

"My Son is right. But you must use your own brain to work out whether Brian is wrong. He is not one of those who believes that to serve Me one must reject the life of the material world, as the marks and name. do monks and nuns. Look on page 62. "The challenge for the Christian," he writes there, 'is not to reject the material world and down. "It is not a question of to reject the material world and being against the rich; your the creation of wealth in favour Prime Minister is right when she says that everyone should do but to serve others through the

strong current of favour is for the century and their descendants rich in particular. It is for the among some of the High Anglisuccessful. It is not for the poor. cans of today, believe that to



the great consumption of material goods, or even their redistri-

"You are still in the Griffiths book. Did I not give you a mind of your own? He says: 'Not only is it impossible to deduce socialism from the Kingdom of God: it is impossible to deduce any economic system. In arguing that a socialist system is not the logical outgrowth of the Kingdom, I am not for one moment suggesting that the market economy or democratic capitalism or some such concept follows logically either.'
Think about that, idiot."

judge for yourself – that this is do. The South African Govern-the way to interpret my Action in ment is deeply religious, although the Dutch Reformed Church is divided. Yesterday it celebrated 40 years in power – that Kingdom. It is not to do with Development, Mr Christiaan Heu-

Development, Mr Christiaan Heunis, has argued that the key to its success lies in its 'declared and profound dependence on Almighty God.' Even Nicaragua has its eloquent Catholics in the Government. Now Mrs Thatcher is seeking what everyone is calling the 'moral high ground,' and some votes in Scotland, by speaking of her faith, as she did again on Wednesday. And her political opponent, Mr Neil Kinnock, is opponent, Mr Neil Kinnock, is outraged. You are starting to use the

Successive it is not for the poor. cans of today, believe that to "I think, Father, that you are it does not succour the unsuc-serve their fellow-man is to Serve saying that everyone quotes your "Brain-failure again. It is one cessful. And, by the way, it is Me. They say — and you must Scriptures to support what they of the penalties of My invention brain I gave you."

of free will. Listen very carefully. They are both right, and they are both wrong. Mrs Thatcher is right when she says that everyone is responsible for their own actions. I designed your species that way. Of course people should be good neighbours, although she has confessed that she has trouble with her own conscience when it comes to loving her neighbour as herself. She is right to call for more individual care, more charitable giving."

"But?"

I thought I heard what sounded

I thought I heard what sounded like a sigh. "She is wrong to give the impression that this call absolves her from the responsibil-ity of running a Budget that ity of running a Budget that gives more to people who cannot help themselves. She is wrong to give so much stress to the individual that she denies the community. As Brian acknowledges, the very concept of a Trinity is that of a community. Christianity is about the individual. And she has a great problem in Logic when she tells people for nine years that the mechanics of self-interest create wealth and are good and then stops in the tenth to say turn away from

tenth to say turn away from self-interest and give of what you have created to others."

"You mean, father, that her sermons would have carried more conviction had they come at the start of her term of office?" Wonderful! You do have glim-

mers of understanding!"
"Thank you, Father. But what about Mr Kinnock?" "His policies are no more part of My Kingdom than are hers. He wants to help the poor and the unsuccessful. He is unequivocal about loving all races equally. He is no longer saying that he hates the rich. All of these things are Good. But be loves the self-serving barons of the trades unions more than anyone else. He uses my Gift of Speech too extravagantly – when he comes Here I shall set him beside Paul. He cares as much about bringing his Party along with him as he does about getting his Values right. He wishes to spread wealth that people will doubt that be can create. He does, however, have one particular Virtue that I wish

I thought I heard a distantly receding chuckle.
"Only I know that."

Lombard

The tyranny of paper degrees

By Michael Prowse

therefore, to see two government ministers sweeping saide artifi-cial entry barriers in occupations ate. He does, however, have one particular Virtue that I wish other politicians would share. ""What is that, Father?" "He does not claim to speak for Me."

The atmosphere cleared. The sky was changing again, back to the emptiness that is so familiar. Was there still time for more? "One last question Father," I shouted. "Is she going to change her Foreign Secretary? Or will the fact that he is a practising Christian save Sir Geoffrey Howe from promotion to, if you will forgive the term, the House of Lords?"

no "O" levels.

By Michael Prowse

How Many letters do you have a stracted near-hysterical oppositable you name? Do you have a stracted near-hysterical oppositable after you name? Do you have a degree? What class is it? Do you have a degree? What class is it? Do you have a decorate? I need to know these little details because without them I camor assess your true worth. I need to know these little details because without them I camor assess your true worth. I need to know these little details because without them I camor assess your true worth. I need to know these little details because without them I camor assess your true worth. I need to know these little details because without them I camor assess your true worth. I camor assess your true worth. I have enough of the right stamps of approval. I would despite you. Your record of achievement in the decades since you left school or university is if irrelevant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are still a fail-averant. If you lack the right magic letters, you are till a fail-averant. If you lack the right magic letters, you are tall a fail-averant.

Few permanent secretaries started out in Whitehall as anything other than gilded Oxbridge

The war against academic badges is not going to be won overnight. Indeed, it will probably never be won too many peo-ple have too much to lose from the abolition of this form of discrimination. In a rational world, however, the solution would be straightforward. Degrees and other examination results, like the drugs doctors prescribe, would have expiry dates. A BA (honours) would be good for, say, five years. After all, how many of Mr Moore's proposals were well as still warrant our qualifica-received, but Mr Kenneth Baket, tions? How many of as could still the Education Secretary, pass those wretched exams?

Christian standpoint

the present economic boom may not be born of prudent house From Mr B.A. Cole. recourse to bard work.

The doubling of the collateral and rental values of property over the past three years has emerged out of thin air. If but 10 per cent of this spurious wealth provides for increased borrowing and consequent spending, some-thing in the order of £80bn will be added to the total "spend." To this can be added the increase in average earnings — some 3 per cent ahead of inflation — plus inflated rent incomes and retail

those who "have not." Further-more, what if the property mar-ket suffers a collapse? Will the more, what if the property mar-ket suffers a collapse? Will the banks and shares take the strain than a handful of people. when this collateral is no longer sound? If there is a downward

spiral, where will charity be? Surely the facts of life are that governments exist to aid and abet economic justice, to say nothing of prudence. Further-more, from a Christian stand-point, what distinction is there to be drawn between the Good Samaritan and the willing tax-

E.D. Dyke, 19 Approach Road, Margate, Kent

From Mr Jain C. Baillie. Sir, In his article on the Lego case (May 12) Dr A.H. Hermann states that the appeal hung on the provisions of the 1956 UK

Copyright Act. In fact it rests on the combination of the UK Act and the Copyright (Hong Kong) Order, the effective date of which was 1973. "Any work made prior to thet date (that is, 1973) was subject to the transitional provisions in Schedule 7 to the Act."

It was the impact of these provisions in Lego's pre-1973 drawings which raised the first quesings which raised the first ques-tion to the appeal. Without going into the details of the case, Privy Council distinguished between capable of registration and novelty, it effectively came to the conclusion that, if e design would if it had been novel, then it was precluded from protection under the Copyright Law.

Letters to the Editor

From Mr E.D. Dyke. Sir, Should there not be a greater sense of ewareness that Much talk of 'ceasing to be British'

wealth immensely, without any expressions are purely emotional; recourse to hard work. nal consideration of the problem. Who would lose their independence? Not the shareholders,

most of whom would have exercised theirs by selling their shares. Not the workforce as a whole, who would still be subject to management by the organisa-tional hierarchy, probably largely the same managers who run the The only people who would lose any todependence would be

inflated rent incomes and retail

"plastic credit."

Unhappily, very little of this supposed wealth is of benefit to those who "have not." Further-shares in both companies) being

Similarly: in what sense would keeping, as we are somehow supposed to believe? Contrary to the Rowntree's and Cadbury's there is, I believe, no suspicion that Nestle is planning to assertions, both the sale of UK nies "losing their independence" close down any plants in the UK national "silver" to ease the tax and "ceasing to be British" if in order to move production burden and the surge in property they are taken over by a foreign abroad, so the workforce would values have enhanced the level of company. I believe both of these tributions to the British economy

that this implies.

Only – presumably – if plants became uneconomic would closures occur, and this would be likely to take place also under a "British" owner. Boards of directors of international companies have to structure their activities to be competitive, and if this means producing somewhere other than the country in which they are registered, they will do

Let us recognise these perticu-lar arguments for what they are: a cry to preserve privilege with no economic justification, and pure jingoism.

B.A. Cole,
"Drake Wood",
Devonshire Aven Devonsture Avenue, Amersham, Buckinghamshire,

Television and Gibraltar

pronouncements fit for public Sir, Mr Ledeboer (Letters, May 11), wonders how many agree with Christopher Dunkley's pronouncements fit for public eyes and ears. Mr Dunkley's balanced articles on May 4 and May with Christopher Dunkley's anced articles on May 4 and May 11 are typical of his approach to views (May 4) on Government objections to screening the This week programme on the Gibral tar shootings.

Anxiety to learn the full facts behind the incident will not be quietened by the Government's attitude of believing only its own

The judgment in 'the Lego case'

of copying could not confer originally." It is true the Court said:
"essentially artistic copyright
was concerned with visual image," but went on to say: "that the eppearance is such that it is decision of Apm Inc. v. Utiliux; then

3. Under the current law that our for a business to rely on your reading of the Lego case as makent is suffered in the law by the end of the year, but will have significance in the visual significance in the decision of Apm Inc. v. Utiliux; then

3. Under the current law that article is such that it is lowever, until that the I consider that it will be very danger our for a business to rely on your reading of the Lego case as makent is such that it is lowever, until that the I consider that it will be very danger our for a business to rely on your reading of the Lego case as makent is such that it is lowever, until that the I consider that it will be very danger our for a business to rely on your reading of the Lego case as makent is such that it is lowever, until that the I consider that it will be very danger our for a business to rely on your reading of the Lego case as makent is will be subject to spare parts.

I consider that it will be very danger our for a business to rely on your reading of the Lego case as makent is will be subject to spare parts.

I consider that it will be very danger our for a business to rely on your reading of the Lego case as makent is will still be subject to spare parts.

I consider that it will be v

Also the Privy Council held "copyright protection of spare that the design did have "eye-appeal," and came to the conclusion the basis of engineering drawings, models or other documents within the third possible definition listed in the decision.

The Court then turned to the post-light protection of spare was not, then having regard to the provisions of the 1968 Act there will be protection, but only for 15 years.

Clearly the effect of the British Leyland Case and its prohibition on enforcement of copyright in leading.

This case does not super to the provisions of the provisions

ing, to be described as original. does have "artistic" content so it Ladas & Parry.

The Court did not hold that could have been registered but 52-54 High Holborn, WC1

pensions parcel

Passing the

From Mr M.H. Oldfield, Sir, Eric Short's article ("Passing the Parcel," May 23) makes

uncomfortable reading.

The financial incentive for the Government to curb the cost of the state earnings related pension scheme (Serps) dovetailed well into allowing those with no occupational pension scheme to use their personal pension to contract-out of Serps. Regrettably, it was not allowed to end there.

Employees already in contract-ed-out occupational pension schemes were given the right to opt out of such schemes, and can choose to go back into Serps. Even those who decide to opt out and take up a personal pen-sion may later decide to go back

into Serps. This is because, for the older employee, Serps offers a better return than a personal Employers were to be relieved

of the administrative burden of employees opting out of an occupational pension scheme. However, someone has to do the work. The Department of Health work. The Department of Health and Social Security (DHSS) is not really to a position to do so; the Inland Revenue clearly does not relish the task, and the personal pension providers seem to think the duty "should be imposed on employers."

It is already clear that the April 1968 re-arrangements will not necessarily reduce the numbers in Serps. If employers have further duties (better expressed as cost) imposed on them if they run an occupational pension scheme, there will be further clo-sures of such schemes. M.H. Oldfield, Allied Lyons,

Denmark Street, Bristol, Avon

reduning the same design with This case does not appear to affect the position in the UK that new copyright. "Skill, labour or of copying could not confer originality." It is true the Court said: previous article or drawing; and "essentially artistic copyright visual and that the symmetric is introduce a type of protection was concerned with visual and that the symmetric is which will have effect that field. Moreover — and more important and previous article which is new in visual and patients Bill presently going through the House of Commons will substantially change the law by the end of the year, but will have effect that field.

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FINANCIAL TIMES

Friday May 27 1988



Long Island \$5.3bn nuclear plant to be sold for \$1

A COMPLETED US nuclear partially completed clause of suburbs and the rest of Long NYPA will take responsibility power station is to be abandoned because of public concern in the without being used, under an wake of the Three Mile Island to Long Island Power Anthority, plants on Long Island Lilco will agreement in principle reached State and Long Island Lighting

bankruptcy earlier this year.

The tentative agreement between Lilco and New York san operating licence. The financial burden of the project has lic – private sector model to kept the utility teetering on the edge of bankruptcy since the early 1980s.

French

interest

rates edge

downwards

cent is at its lowest for two years. The reduction was widely anticipated after a strong call for

lower interest rates by Mr Pierre

Mr Beregovoy yesterday described the interest reduction

as "a signal of confidence in our-

"If you reckon in terms of rules and tables you can always find a

eason for not acting, but if you

However, the Bank of France

reckon in political terms, you can give the right signal."

simultaneously increased its obligatory reserve requirements, thus raising the cost of commer-

cial bank funding. The central bank said the package was designed to leave "the global

pressure" of monetary policy on

sures is likely to lower finan-

the economy unchanged.

The combined effect of the

European Monetary System.

unnecessarily high.

Many financial market opera

tors agree with his analysis.

nuclear plant accident in 1979. esterday between New York Public Service of New Hampshire, which has a larger minor-ity interest in the incomplete Company (Lilco).
Years of public opposition to
the \$5.3bn Shoreham plant, some
55 miles east of New York City,
The tentative agreement
between Lilco and New York

early 1980s. regain their imancial meaning.
Several other US utilities Lilco, which serves some 3m 820M became similarly hurdened by customers in eastern New York fuel.

a state body set up last year to launch a full takeover hid for the

tomers predominantly in the to mothball or dismantle Shoreham. Lilco will pay some \$400m
of the decommissioning costs.

A construction permit was finally
There are no plans to convert the
granted in 1973 when the plant's \$3.7ho of Shoreham's costs
820MW Shoreham plant to fossilfuel.

Many of the details of the Shofleshed out. Lilco will, however,
be allowed to recover some
\$3.7ho of Shoreham's costs
through rate increases of 4.5 milested.

NYPA will take responsibility by cost overruns and mismanageoperate its existing plants, with 3,800MW of capacity, but will have to buy electricity to meet the demands of its growing cus-

ment but it finally started up for low-power tests in August 1985. It never entered service because of an effective campaign by local opponents who said that

Long Islaod, linked only by LIPA in turn will contract with tomer base. Long Island faces the bridges and ferries to New York the New York Power Authority, a possibility of brown-outs and Connecticut, could never be (reduced voltages) and hlack-outs safely evacuated if a nuclear until new plants are built.

Hong Kong corruption probe by

A TEAM of Chinese economists is to be sent to Hong Kong to

Chine the biggest investor in Hong Kong by far. More than 4,000 mainland officials are living in the territory oo working visas, and it is widely known that there is extreme comperition inside China to join the staff of these trading operations. The investigating team, from Peking's Institute of Economics, will examine allegations that mainland companies have been embezzling funds, have made questionable investments and that some of their staff have

developed extravagant lifestyles. Coocern appears to focus on a number of dubious business pracnumber of dubious business prac-tices – amoog them that of "shadow pricing" exports from China: products are priced artifi-cially cheaply from China to Hong Koog, then higher from Hong Kong to their ultimate des-tination. This allows an enter-

plans to send the team. But yes

China News Agency, which acts as Peking's unofficial embassy in Hong Kong, insist that the prob-lem is not big and argue that it would be unreasonable to expect there to be no examples of cor-

Peking

By David Dodweil

investigate allegations of corruption among Chinese companies operating in the British territory. The investigation comes after a two-year period in which thou-sands of mainland companies have set up shop in Hong Kong, most of them operating as trade offices for Chinese provincial bodies or municipalities.

Together with longer-estab lished mainland corporations, they account for investments totalling about US\$8bn, making

exchange outside China where it can avoid Chinese tax and can be used for purposes that might not be officially approved of.

Mainland officials in Hong Kong have denied that there are plans to send the team Rut were than the care and can be considered to flush out a defender for Cadbury, such as Coca-Cola, but it is all manner of legal obstacles, and considered that there are plans to send the team Rut were

terday Mr Tsui Szeman, pub lisher of the moothly Mirror mag azine, which has close access to Peking officials, said there were.
Mr Tsui is a delegate to the
Chinese People's Political Consultative Conference (CPPCC). He recently aroused official concern by drawing public attention to alleged malpractices by mainland corporations active in Hoog

Chinese officials in the New ruption or misbehaviour in such

US makes fresh effort to force Noriega into exile BY LIQNEL BARBER IN WASHINGTON

THE REAGAN Administration THE BANK of France yesterday dropped its main money market interest rates by a quarter of a percentage point. The new intervention rate band of 7-7.5 per began a fresh effort yesterday to oust Panama's military strongman, General Manuel Noriega, by starting consultations with Latin

American governments on ways of forcing him into exile. Mr Elliott Abrams, State Department official for Latin American affairs, said US diplo-Beregovoy, the Finance Minister. But bankers were still impressed by the confidence shown by the move, coming only two weeks after Mr Michel Rocard's governmats in the region were seeking advice on ways of getting rid of General Noriega following the collapse of direct talks with a US envoy in Panama late on Wednesment took office and in spite of upward pressures on West Ger-man and US interest rates.

The switch to a multilateral approach on the Panama crisis suggests that the Administration wants to fend off criticism of its plan to drop drug trafficking charges against General Noriega in return for his agreement to go

The question is whether the collapse of direct talks amounts to a temporary setback or a defin-tive breakdown. From the Rea-gan Administration's viewpoint,

the dropping of Federal drug traf-ficking charges, officials can now except for a "brief family visit" at say that Washington is adopting Christmas.

The Administration may have calculated that a fresh approach after a successful Moscow sum-mit next week, can take place in a less highly charged atmo-

Significantly, Mr George Shultz, US Secretary of State, chose to publicise the terms of the package offered to General Noriega after talks broke down. That suggests that for all the reported divisions within the Administration, the deal's main provisions have the backing of the President.

US economic sanctions against appears to be some dispute over Panama, the creation of a government of national reconciliation as announcements paving the way a prelude to free elections in May 1989, the restoration of civil rights for all Panamanians and a differences can now be resolved new law limiting the term of any by a fresh US approach or Panamanian Defence Force commander to five years (which American third party Decrited) General Noriega's failure to agree to a deal is, in the short-term at least, a tactical victory.

After two weeks of bruising criticism from Congressmen of both parties, mainly centring on

It is difficult to see what other

options Washington can pursue, other than using a different mediator (a Latin American diplomat) or, more unlikely, military force to oust the general. The latter option would be opposed by the Pentagon and would be a risky and bloody proposition in an elec-

So why did General Noriega fail to sign off? The answer appears to he in some key details such as the Administration's insistence on recognising the ousted Panamanian President Eric Delvalle rather than General he President. Noriega's appointee, Mr Manuel They include the suspension of Solis Palma. Equally, there

Rowntree rebuffs Suchard

cing costs for major companies, whose borrowings are often linked to money market rates. Base rates are unlikely to be Continued from Page 1 achieve market leadership in numerous individual countries. moved, however, leaving borrow-ing costs for small companies

and consumers unchanged.

Far from its traditional devaination, the French franc has strengthened against the D-Mark tive strengths in different geosince the arrival of the Rocard graphical markets, will give the government. It remained firm enlarged group a more complete yesterday at FFr3.3748, 0.62 per product range and wider market cent below its pivotal rate in the coverage than any other confecexchange rate mechanism of the tionery business in the world," he said.

Mr Beregovoy has made plain his opposition to a devaluation, and has insisted that the fight against inflation is his first prior-He claimed further that benefits of economies of scale in distribution and research and development would be greater than those arising if Nestle were to ity. He believes, however, that French real interest rates are win control.

He also said that he had suggested a link up with Rown-tree in 1984, and had over the last However, most believe that Mr three years deliberately held Jacques de Larosiere, governor of itself back from competing with the Bank of France, was already Rowntree in certain key Eurounwilling to concede yesterday's interest rate cut - insisting on pean markets with the hope of forming an alliance with the UK the counterbalancing increase in

company.
"If Nestlė wins control," he reserve requirements - and will fight a further reduction. warned, "we will come in quickly OECD underlines limits of mone with a range of products to chal-lenge Rowntree's niche prodtary policy, Page 3; Currencies,



Jacoba, Suchard chairman, who atresped that was not the main rationale behind the hid

and challenged Mr Jacobs' version of the meeting in 1964. The document contends that ruption or misbehaviour in such He said that the arguments Nestle's offer underestimates the a large, and rapidly growing com-

Anti-dumping

Mr Kenneth Dixon, Rowntree ment, although directed at Neschairman, discounted this threat tle, applied equally well to the

other Swiss company.
The document contends that

advanced in the defence docu- value of Rowntree Soviet reform proposals

tax on Japan Continued from Paste 1

Continued from Page 1 Japanese dot matrix printer imports rose from 800,000 units in reforms still to be introduced, including the need to overhaul 1983 - 49 per cent of the EC mar-ket - to 1.5m units or 73 per cent of the market in 1986, the Comthe banking and credit system and the heavily subsidised pri-cing system. However, it warns that "revision of retail mission said. EC exports to Japan dwindled from 1,040 units to nothing over the same period.

The dumping margin, or gap between high Japanese and low EC prices, varied from 4.8 per cent for Tokyo Electric, to 86 per cent for Fulitsu between April 1986 and March last year, the period covered by the inquiry. As a result, EC competitors were forced to slash prices.

The highest doty, 33.4 per cent, levied on the seven worst offenders, is the least Brussels reckons is needed to bring prices high enough to ensure EC pro-ducers earn a reasonable profit.

It spells out economic

prices must be done without detriment to the living stan-dards of the population."

The central committee goes on: "Two to three years is not long enough to implement radical economic reform. The

years of stagnation have put the country on the brink of an economic crisis." The proposals call for urgent action to produce more food and consumer goods, to higher

standards. Its specific proposals for internal party reform say that no party office holder shall serve more than two five-year

terms, unless three quarters of the party committee, voting in a secret ballot, shall agree. The theses also propose what the official Tass newsagency described as "essential changes to the structure and

size of the party apparatus,"

On foreign policy, the document is equally scathing. In the past, it says, it "did not escape dogmatic and subjective attitudes. In our bid for military strategic parity we occasionally failed to use opportunities available to attain security for our nation by political means, and, as a result, allowed ourselves to the lured into an arms race which could not but affect this country's social and economic progress, and its standing on the international scene."

SEC seeks wider powers BY JANET BUSH IN NEW YORK

THE US Securities and Exchange Commission yesterday voted to ask Congress to broaden substantially its power to halt securities trading during emergencies and to give it regulatory oversight over stock index futures.

In an open meeting at the SEC in Washington, the committee voted for the first request unanimously but was split on the second with three votes for asking Congress for control over stock index futures and two against.

During the extensive discusity Futures Trading Commission.

WORLD WEATHER

which regulates futures and

The question of who should regulate stock index futures, futures contracts based on the major stock market indices such as the Standard & Poor's 500, has been one of the central issues dividing the SEC and the CFTC

dividing the SEC and the CFTC during the last six months with the CFTC fiercely defending its right to regulate this area.

The working group set up by the Administration earlier this year to review possible legislation after the crash made no mention of this issue in its report sions between regulators, mention of this issue in its report exchanges and the Administra-tion in the six months since the port for the SEC's point of view.

October stock market crash, the SEC already has power to SEC has persistently argued for taking away control over stock the CFTC already has the power index futures from the Commod- to close down an entire futures

Texaco describes Icahn bid as a joke

Continued from Page I

per cent bolding in Texaco. KKR Chevron covering Anstralasia There are at least three major controls an equity fund of at and the Far East. least \$5bn for equity investment weight behind him or another bidder in a takeover battle. The most obvious way of finan-

in takeovers and leveraged buyouts. While KKR has denied colluding with Mr Icahn, it could
well throw its massive financial
pany has also had approaches

Husky Oil has publicly said aco has instituted poison pill
arrangements which would have
for Texaco Canada and the comthrough model by a hostile bidder
through model of costly and Occidental Oil.

Above all, of course, there is anti-takeover law.

sets of legal hurdles. Like many other large US companies, Texfrom Mr Armand Hammer of uncertain litigation. The company is also protected by the receotly enacted Delaware state

through rapid asset disposals. Mr the value of Texaco's crude oil Finally, the covenants agreed icahn has also said that he plans reserves and highly profitable US by Texaco with creditors when it an immediate sale of Texaco's 78 marketing network. Why then, is emerged from bankruptcy last per cent interest in Texaco Canthere so much scepticism about month amount to a buge potenada plus its half-share in Caltex, the possibility of a full bid from tial obstacle to any highly levera marketing joint venture with Mr Icahn or some other player? aged takeover bid. THE LEX COLUMN

Reed cashes in its paper

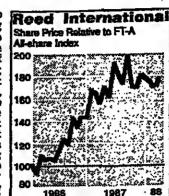
Reed International's decision to turn itself into a pure publishing company is in one sense hard to argue with. Like Bowater before it, Reed is finally cutting itself loose from its origins in paper; unlike Bowater, it has a coherent alternative to turn to. There is, perhaps, a slightly modish feel to it all—the move away from the conglomerate image, the shift from capital intensive areas. But there is something in Reed's argument that its publishing business is so widely spread as to be diversified in itself; and in any case, having already split the group into two in operational terms, Reed had to go the whole hog or have someone else do the job for it. company is in one sense hard to

Indeed, the company may still be in for a risky transitional phase. Whether or not it has pub-lishing targets already lined up, there is bound to be some earnings dilotion in the short term. As Reed itself has demonstrated with the purchase of Octopus, big with the purchase of Octopus, mg
publishers are wickedly expensive these days, and if the £800m
or so of cash were left in the
bank, it would earn some £20m
less before tax than the companies being disposed of. Reed
would be a biggish mouthful its market value is £2.3bn as it is – but a publishing business on a multiple of 13 with a net £600m in the bank would have no shortage

Yesterday's reaction .- the shares rose only 8p to 423p -suggests that the market had not only anticipated Reed's move, but had priced it accurately as well. This seems a little grudging, but perhaps it will take harder evi-dence of Reed's intentions before the market thinks again.

Rowntree/Cadbury

tor are becoming ever more impenetrable. Suchard's motive in pitching its offer for Rowntree suppody's guess, as is the level of not hard to see why. It comes response which it will elicit from hestle. Meanwhile, General Cinema's announcement of \$10n in fresh funds to buy Cadhury for 48 hours, it appears to be conshares gives it scope more than to double its present holding of that is unlikely to grant it, it



ally timed to coincide with developments in the Rowntree saga.

In Suchard's case, some elements of the game plan are becoming vaguely discernible. Coincidentally or not, its bid at 950p, if successful, would lead to Suchard taking out Rowntree at an average price of some 890p—the price of Nestle'a offer. Alternatively, Suchard insists that were Nestle to win control, it would be worth hanging outo its would be worth hanging onto its 29.9 per cent minority. A further lever would be needed to turn thatstake to account, perhaps in the form of a threat to aim com-peting products at areas of Rowntree strength – chocolate waters, mints and so forth – which Suchard has hitherto left alone. Amid all this, Rowntree's for-

mal defence has been rather drowned out. In a sense, it is sadly irrelevant, the forecasts — 10 per cent more volume in Europe this year, further productivity gains in the UK — only underline its attractions. With neither bidder now in a position to buy in the market, there could be a hill for a while; but the game is not over yet.

The market thinks Mr Icahn can't be serious in his record-smashing bid for Texaco, and it is

give the deal any credibility at all, Mr Ichan has had to bet Tex-aco \$100m that he can find the

Bee

eatain...

100 W

a litter

money.

Despite such overpowering evidence, to interpret the deal as bluff may miss its simple ingenuity. Perhape the bid is just a way of propping up the share price, of a threat to make Teraco drop its law suit against Icahu; more likely, though, it is for real. By offering \$60 a share — a full price on almost any reading — Icahu is telling the board either to give up or to come up with something better. At the same time, by extending an offer to everyone Icahu has killed the image of himself as an ugly greenmailer. Either way he wins: if the bid "succeeds" there are enough enthusiastic buyers for some of Texaco's assets to make the numbers work, and if it "fails" a potential profit of well over the potential profit of well over the present \$850m would be ample compensation.

compensation.

Texaco, meanwhile, is in an impossible position, with the intolerable prospect of being owned by Icahn halanced by the apparent absense of any alternative to show its shareholders. And since arbs and opportunists dominate its register, a long term restructuring programme is not likely to secure independence for Texaco the way it did for USX

Plessey

Getting to the other side of a profits plateau may be the sort of challenge a manager relishes, but it is a desperately boring busi-ness for shareholders. And no ness for shareholders. And no matter, how much Plessey atresses the attractions of a £1.7m yearend order book (swollen in any case by acquisition), plateau is still the word which comes to mind. Yesterday's reported 1.2 per cent decline in earnings per share before extraordinaries was scarcely the stuff to inspire a dull share price, and expectations of a miserly two or three per cent rise for the curor three per cent rise for the current year had a similar effect. And although this year will see the first contribution from the new telecoms joint venture with GEC — which should see strong demand from British Telecom as the company spends to improve its image — it is as difficult to figure out the size of this contri-



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cing a bid for Texaco would be

MR JAMES SHERWOOD, the genial president of Sea Containers of the US, has hardly been off the front pages of most British newspapers this month.

The excitement was caused by his intervention in a bitter dis-pute between the British sea-

men's union and P&O, the UK's largest shipping company.

Mr Sherwood became involved when the dispute spread to the ferry fleet operated by Sealink, the Sea Containers subsidiary which is P&O's main competitor.

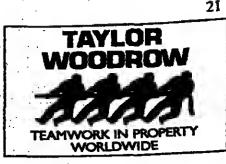
Mr Sherwood's high profile per-

his own more volatile nature.

Government for £66m (\$118m) in

But revenue jumped from \$143m

Mr Sherwood was widely



Beecham signs first Saudi drugs licensing agreement

BEECHAM, the UK pharmacenti-! minister for finance for Saudi 25 per cent of Saudi Arabia's cal group, yesterday signed the Arabia and chairman of Spimaco. essential medicines.

The Saudi minister said that The first products to be manufirst international liceusing The Saudi minister said that agreement by any company for the possibility of a further four factured are to include the Beathe transfer of pharmaceutical pharmaceutical factories was cham semi-synthetic penicillins, technology to Saudi Arabia.

The agreement is to enable involve technology complimensection and a \$55m (\$102m) technology and would also plant to be built by the Saudi involve a transfer of technology Pharmaceutical Industries and to Saudi Arabia. They could Medical Arabias Arabias (\$102m) technology and would also plant to be built by the Saudi involve a transfer of technology Pharmaceutical Industries and to Saudi Arabia. They could Medical Appliances Corporation involve pharmaceutical compa-(Spimaco) at Al Cassim, 300km nies other than Beecham, although "it is intended that the

The factory will be Saudi agreement will form the founda-Arabia's first pharmacentical tion for expanded collaboration Arabia's first pharmacentical tion for expanded collaboration plant and will make the country in the future between Beecham self-sufficient in certain types of and Spimaco*, the Saudi company said.

The agreement was described by Spimaco as "one of the first of a series of licensing agreements it intends to sign with major research based pharmacentical."

signed in London by Mr Paul Tat-man, managing director of Bee-companies. cham Pharmaceuticals' worldwide commercial operations, and ture 80 different pharmaceutical of the Beecham Dr Saleh A Al-Omair, deputy products and wil provide about in Saudi Arabia.

Earnings rise

23% to \$42m

at Litton

By Our Financial Staff

LITTON INDUSTRIES, the Calif-

ornia-based electronics and

This brought net earnings for

the nine months to April 30 to \$123.33m or \$4.67 a share, com-pared with \$102.7m or \$3.83 a

Framatome 'backs out' of Telemecanique peace deal

The new factory is to manufac-

AN EXPECTED peace settlement in the long-running battle to take over Télémécanique, France's leading industrial automation backed out of an agreement to industrial products group, has company, appears to have come buy his 25 per cent stake. reported a 23 per cent rise in third-quarter net profits to \$42.04m or \$1.60 per share from \$34.27m or \$1.29 for the same

Schneider, the electrical equipment and construction group which launched the bidding battle for Télémècanique, said yesterday that Framatome; the nuclear plant builder which came

Sales for the nine mouths advanced to \$3.55bn from \$3.19bu est on the table although it has been hitterly opposed by Teleme-canique's management and employees. The rival bidder Fra-employees. The rival bidder Fra-Pinean-Valenciennes's financial previously, after third quarter revenue advanced to \$1.2bn, compared with \$1.15bn for the comparable period. Operating profits for the third quarter advanced from \$91.1m to \$108.26m.

amount and renorms, noth available on prescription in the UK.

Several forms of penicillin will be produced from the factory, including up to 50m capsules of penicillin a year, tablets, cream syrup, cintments and injectable

The Saudi Pharmaceutical

Industries and Medical Appli-

ances corporation, is to use the plant at Al Qassim to supply the Saudi home market, both the government and private sectors, and other countries in the Gulf Co-operation Council states.

The agreement will involve the

transfer of manufacturing tech-nology, continuing specialist sup-port for a range of Beecham oral

antibiotic drugs and also support of the Beecham Scientific Office

Schneider officials said Framatome had been prevented by Compagnie Générale d'Electricité (CGE) - its main shareholder with 40 per cent - from going ahead with an improved offer that topped its bid.

in as white knight, had backed out of a proposed deal.

The Schneider offer of FFr5400 a share, valuing Telémecanique at FFr8.8bu (\$1.5bm), is the high.

Schneider's chares plunged yesterday and were temporarily ensured after dropping more than 10 per cent.

matome was heavily favoured by means. Schneider closed at the French political authorities. FFr293, down FFr32.

VW sues two for currency fraud

scheme, Reuter reports from Detroit.

The two, Mr Nicholas Car-ucci, who had been a manager of group banking operations, and his wife, Donna, an execu-tive secretary for VW, alleg-edly "engaged with others in a scheme to skim company prof-its by agreeing with exchange traders at our narent company wagen of America lawsuit.

The suit alleges that the Car-The suit alleges that the Caruccis "hought or sold US dellars at rates that deviated
from actual market rates...
the intent was to resail the
same US dellars at higher market prices and to keep for
themselves the second profit."

In addition, traders allegscheme, the lawsuit said.

The Caruccis allegedly transferred the money they skimmed from Volkswagen to at least five companies that they had registered in Lichten-stein in Western Europe, the

In a related action, the West German Government began more than a year ago a criminal investigation of several West German Volkswagen employees associated with the Caruccis regarding foreign

VOLKSWAGEN OF America, a voils water or america, a unit of the West German motor group, said it had filed a suit against two former employees for allegedly defrauding the company of millions of dollars through a foreign currency trading

traders at our parent company to engage with bogus (foreign currency) transactions with the Hungarian National Bank," according to the Volks-

According to the lawsuit, the scheme involved arbitrage by the defendants designed to protect them from losses if the dollar failed to rise.

edly engaged in bogus transac-tions with the Hungarian National Bank as part of the

Sea Containers charts profits course

Kevin Brown on how James Sherwood brought about a recovery at a US shipping group

James Sherwood: Fight to get ships back to sea.

which is P&O's main competitor on the English Channel routes.

For nearly two weeks, Mr Sherwood fought to get the fleet back to sea, first negotiating, then going to court, and finally publicly criticising Sir Jeffrey Starling, P&O chairman, after reaching a peace deal with the union.

Mr Sharmood's high profile perthe reasons he expected.

The group ran into trouble in 1986, when route closures and redundancy payments costing nearly \$43m coincided with a weak market in container leasformance surprised many in the staid British shipping commu-nity, and his criticism of Mr Ster-ling was widely thought to reflect ing, and defaults by 15 top cus-The episode reflects a dramatic change in the profile of the Sea Containers group, which acquired Sealink from the UK

Seelink made a profit of \$9m, while the container business lost \$26m. It was the beginning of a change of direction in the group's

earnings profile. The trend was confirmed in its of \$70m that year, of which Sealink contributed only \$15m. 1987, when net earnings recovered to \$43.6m, of which \$28m came from Sealink and only \$15m to \$369m, indicating that there was plenty of potential for future profits if Sealink's costs could be

from container activities.

Mr Sherwood is confidently predicting record net profits of more than \$110m for the current year, including a \$40m profit from the sale and partial leasethought to be exaggerating when he forecast that profits from Seal-ink would equal those from con-quarters. back of the group's London head-

tainer leasing within three years. His forecast assumes a 100 per He was almost right. But not for cent increase in profits from container activities, to around \$30m. forecast to improve by 50 per cent, to more than \$50m.

Sealink lost \$24.2m in the first quarter, when all UK ferry operations lose money, so it needs to make about \$75m in the remainder of the year if Mr Sher-wood's forecasts are to be met.

The figures show the extent to to keep the ships running.

Sealink says forward bookings ica, but this is being more than are significantly higher than last offset by increasing demand in year, and points out that it can the US and Europe.

expect to benefit commercially from the continuing industrial troubles of P&O. A fire aboard one of the company's freight-only ferries earlier this week is unlikely to have long-term effect on customer-demand.

Mr Sherwood experts the trend

on customer-demand.

Mr Sherwood expects the trend
towards higher bookings to continue as economic recovery and
tax cuts combine to increase Brit-

tax cuts compute to increase Brit-ish disposable income. He says the largely fixed costs of the ferry business mean increased revenue tends to flow straight through to the bottom

In the longer term, Sealink plans to diversify away from the competitive Dover routes, which will be affected by the proposed Channel Tunnel – due to open in

channel Tunnel — due to open in 1993 — and to exploit the prop-erty potential of its 11 harbours. There are plans to expand pas-senger services in the Mediterra-nean, and establish a US unit to operate a fast catamaran service between Connecticut and Man-

Plans to float Sealink on the London Stock Exchange have been abandoned, partly because improving results mean Sea Containers no longer needs the money, and partly because the potential value of the company was halved by the October crash. which the Sea Containers group is now dependent on profits from its UK ferry operations, and explain Mr Sherwood's willingness to do a deal with the union was natived by the October trash. Profits are also being helped by a rise in rental rates of about 5 per cent last year. Demand has softened slightly in the important frame and the october trash. per cent last year. Demand has softened slightly in the important Far East market, because of a decline in exports to North Amer-

Krauss-Maffei sees rise BY DAVID GOODHART IN BONN

profits in the current year despite decline in defence-related

management board chairman, also announced that the company was likely to raise its share capital, which has stood at DM16.3m DM7.77m from DM2.14m.

KRAUSS-MAFFEI, the West German defence and engineering Krauss-Maffei has a nominal
group, expects a sharp rise in
profits in the current year despite sued capital available.

Mr Burkhard Wollschlager, the the Flick industrial group, recorded a group net profit of DM111,000. Pre-tax profit rose to

Tesoro rebuffs latest bid

BY OUR FINANCIAL STAFF

posal from Pentane Partners LP, a US limited partnership, because

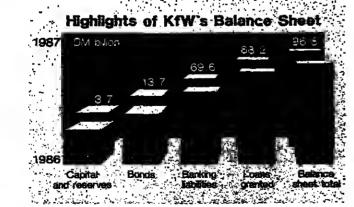
TESORO PETROLEUM, a US \$9%. The move comes more than energy group, said its board had six months after an initial \$15 a rejected a complex takeover pro-share proposal from Pentane.

Under the new proposal, it was deficient and not in the Tesoro's common shareholders, best interest of shareholders. other than Pentane, would Tesoro, with had annual revenues of \$1.47bn in the year ended totalling 66.9 per cent of the outseptember 1986, has a market standing, for 34.6 per cent of the capitalisation of \$127m based on surviving corporation plus \$6.3 Wednesday's closing price of share.

KfW 1987 Well Prepared for further Growth

In 1987 KfW succeeded once more in reaching its goal for the year and at the same time strengthened its potential for future development. Domestic investment loans were concentrated in two areas: small and medium-sized enterprises (DM 5.0 billion) and environmental protection (DM 2.1 billion). German exporters benefited from total credits of DM 3.2 billion. Development assistance funds appropriated by the Federal Government (DM 2.7 billion) were mainly used to finance projects in Africa and Asia, including for the first time structural aid to improve the macro-economic framework.

In the coming years KfW will see a considerable increase in domestic investment loans - not least as a result of the DM 21 billion financial programme for local authorities and small and medium-sized enterprises launched recently by the Federal Government.



A copy of KfW's 1987 Annual Report is available upon

Kreditanstalt

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Banco di Roma (France) SA

Lloyds Bank plc

Amsterdam-Rotterdam Bank NV

Paris Branch

Bauque Nationale de Paris

Caisse Régionale de Crédit Agricole Mutuel d'He de France

Crédit Industriel et Commercial de Paris

Société Générale

The Royal Bank of Canada (France)

The Royal Bank of Canada (Belgium) S.A.

BANOUE PARIBAS

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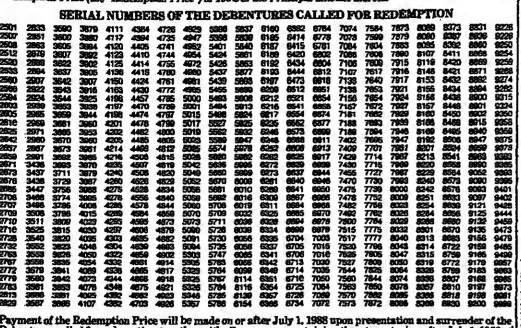
(the "Company")

U.S. \$100,000,000

Floating Rate Debentures due 1987 convertible at the holders' option into the 9%% Fixed Rate Debentures due 1995 Guaranteed by the Republic of Italy

NOTICE IS HEREBY GIVEN, that, as permitted by Condition 5(c) of the Fiscal Agency Agreement dated June 28, 1980 of the Debentures, the following Debentures of the Company indicated below, in the aggregate principal amount of U.S. \$6,800,000 have been drawn for redemption on July 1, 1988 (the "Redemption Date") at the Redemption Price (the "Redemption Price") of 100% of the Principal amount thereof.

SERIAL NUMBERS OF THE DEBENTURES CALLED FOR REDEMPTION



Payment of the Redemption Price will be made on or after July 1, 1988 upon presentation and surrender of the Debentures called for redemption, together with all coupons appertaining thereto maturing after July 1, 1988 at the Corporate Trust Office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 10005 or at the principal office in the city indicated of any of the following Paying Agents: The Bank of Tokyo Ltd., in London; The Bank of Tokyo Ltd., in Brussels; The Bank of Tokyo Ltd., in Hong Kong; The Bank of Tokyo Ltd., in:

From and after the Redemption Date, interest on the Debentures to be redeemed will cease to accrue and all corpons maturing after July 1, 1988 shall become void. The coupon for the interest payable on July 1, 1988 should be detacked and presented for payment in the usual manner at the specified office of any Paying Agents. After the Redemption Date, Debentures in the aggregate principal amount of U.S. \$55,100,000 will remain outstanding.

Ente Nazionale Per l'Energia Electérica By: The Bank of Tokyo Trust Company as Fiscal Agent

Dated: May 27, 1988

BFCE continues to diversify to maintain growth: The Bank shows strong improvement in interbank and treasury operations.

The meeting of BFCE's shareholders, chaired by Michel Freyche, on May 24, 1988, approved the Financial Statements for the year ended December 31, 1987.

After providing FF 19 million for income taxes, net income for the year was FF 70.4 million compared to FF 76.2 million in 1986. A dividend of 5% (plus tax credit) will be paid to share-

While the decline in the French Government's export financing activity continued due to the decrease in large scale projects and the effect of the major reforms in export financing adopted in 1985, the interbank and treasury operations reported strong growth (approximately 50%), helped by the new trading room which was put in operation in September 1987. Despite low demand for corporate financing and increasing competition within the banking industry, BFCE was able to maintain the volume of corporate loans outstanding due to strong marketing efforts. The Bank's charter, which previously emphasized foreign trade activity, was recently amended. Such amendments will facilitate the diversification of the bank and in particular will allow it to accelerate the pace of its expansion into all facets of corporate business activity.

Operating income for 1987 was impacted by pressure on margins, weakening of the dollar

which reduced income generated by foreign activities, as well as declining fee income from institutional activity. However, operating income benefited from additional revenues provided by treasury operations and other financial service activities. Overall, net operating income from banking activities reached FF 1,692 million, down from 1,834 million in 1986, a decrease of 7%.

in 1987, BFCE managed to stabilize its general expenses. Such expenses were lower in 1987 (FF 1,258 million) compared to 1986 (FF 1,263 million). Depreciation expenses increased, reflecting BFCE's investment effort in equipment. The above factors contributed to the decrease in net operating income to FF 359 million in 1987 from FF 506 million in 1986.

Because of the improvement in the quality of customer credits and commitments, the provision for possible losses was principally allocated to the sovereign risk exposure. Currently, reserves cover risks involving 39 countries, an addition of 14 over 1986, with an overall coverage rate of 28% on this expanded base, up from 24% in 1986. The Bank will continue to maintain its efforts in this area because of its support tain its efforts in this area because of its support of the international finance activities of the French Government and its involvement with international commercial credits.

BFCE Banque Française du Commerce Extérieur

INTERNATIONAL COMPANIES AND FINANCE St Gobain Zurich bourse hits at share curbs

THE Zurich Stock Exchange suggested yesterday that it could take action against listed Swiss companies which impose excessive restrictions on their registration from shareholders. tered shares.

Moves by companies in Swit-zerland to limit share register entry as a means of fending off unwelcome takeover bids have led to widespread criticism both in Switzerland and abroad.

Mr Dieter Signist, the Zurich bourse's legal adviser, said any measures would concern compa-nies "whose articles of associa-tion prevent a clear transfer of rights to a buyer or which include arbitrary or restrictive

practices."

Mr Signist, who is to make proposals to the Stock Exchange management, indicated that the shares in questions might be taken out of main bourse trading

opposition from shareholders.

The company had proposed to issue 40,000 prinrity regis-tered shares to Swiss Bank Corporation in a move aimed at protecting the company from potential takeover bids. The company's plan would have given SBC effective voting control of La Suisse. Dissi-

and put into a "special sector of the stock market." The Zurich bourse accepts corporate statutes banning the sale of registered shares to foreigners and laying down a limitation of maximum shareholdings as valid

grounds for non-registration of

dent shareholders had objected to the proposals, claiming, among other things, a dilution

Shareholder moves of this kind usually fail in Switzerland. In this case, however, it is understood that since SBC is based in a German-language region, Prench-speaking Geneva and Lausanne banks sided with the shareholder

demands of an international market." Such restrictions were fundamentally at odds with the views of the European Community and on the requirements for

histed equities.

Non-registration tactics have been widely used recently by a variety of Swiss companies. Usego-Trimerco, the retail group, successfully fought off a takeover by the rival Denner group in this way while jams group Hero deflected a bid by from Jacobs-Suchard, the chocolate and collect company currently bidding for Rowntree of the UK.

Sulzer Brothers kept a dissi-

the Swiss practice of issuing registered shares was "wholly legitimate," he expressed misgivings at company articles which permit companies to refuse registration without giving good reason for their decision.

Substitute Substitute of the UK.

Substit

rounds for non-registration of the felt that the limitation of through plans to limit share registration to Swiss citizens was istration in the face of share-not in "keeping with the holder opposition.

listed equities.

ST GOBAIN, the French glass and peckaging group, is continu-ing its buying surse with a foray into Scandinavia. The group, which has spent around FFri and (\$766 km) on five major deals so far this year, is to buy Glasuid, the mineral fibre insulation division of Superios, the Danish company.

No price was disclosed for Glasuid, which has annual sales of around FFr300m.

to acquire

fibre group

Danish

St Gobain, which was the first French company to be privatised in November 1986, has recently acquired the minority inferest in CertainTeed, its US subsidiary, for around FFr2 zhn as well as Glaceries St Roch, its Belgian offshoot, in a paper deal worth around FFr1 zhn.

It has bought TSL, the UK sili-con producer, bendes acquiring 36 per cent of Oberland Glas and bidding for Wolverine Technolo-

gies in the US.

It has also cut its construction interests by exchanging 65 per cent of SGE, its lossmaking division, for 25 per cent of a new joint venture.

The disposal by Superior is the latest in a series of divestments by the Danish group in an effort to restore its finances after the disastrous acquisition of Royster, the US fertiliser group, in 1984.

Last year it also sold 60 percent of its Danish fertiliser business to Finland's Kemira.

ness to Finland's Kemira. Extraordinary income of DKr66m (\$10.2m), arising in part from these sales, contributed strongly to turning a DK316m loss in 1986 into profits of DKr102m last year.

Dairy

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TALE CAR

DG Bank ahead despite crash Veba boosts earnings in BY HAIG SIMONIAN IN FRANKFURT

first quarter

By David Marsh in Dusseldorf VEBA, the West German energy and chemicals conglomerate, boosted group net profit to
DMissm (\$108m) in the first three
months of this year from
DM167m in the same period last
year, according to provisional fig-

Mr Rudolf von Bennigsen-Foer-der, chairman, said the company expects profits for the year will at least match last year's level, when group net profits (after sub-tracting minority interests) rose

to DM943m from DM919m.
Turnover rose 9.9 per cent in the first quarter to DM10.5bm from DM3.5bm in the same period of 1987. This was almost entirely due to incorporation into the group of the chemicals and plas tics activities of Feldmuehle Nobel, the manufacturing group formerly part of the Flick industrial empire, under a deal agreed in May last year.

The acquisition helped boost Veha's chemical turnover 68 per cent to DM2.0bn in the first three peoples.

cent to DM2.0bn in the first three months. Mr von Bennigsen said that after making allowance for the acquisition, Veba's chemicals subsidiary Huels still showed a healthy 16 per cent turnover increase in the first quarter, profiting like the other large West German chemical groups from strong general demand at the beginning of the year. beginning of the year.

Other production sectors showed less buoyancy. Electricity sales fell 3.3 per cent to DM2.8hn in the first quarter, while mineral oil turnover dropped 5.4 per cent to DM1.9bn. Trading activities, however, turned in a 10 per cent turnover rise to DM2.9bn.

Troubled KHD confirms loss

By David Goodhart in Bonn

KLOECKNER-Humboldt-Deutz. the troubled West German diesel engine and agricultural machin-ery group, has confirmed a loss of DM285m (\$167.8m) for 1987 and a drop in sales from DM4.83bn to DM4.51bn. It hopes to reduce losses below DM100m in the cur-

rent year.
It said some progress had been made in the restructuring programme and 4,900 of the 6,300 job cuts in Germany had been made. About 1,400 jobs would be shed at foreign subsidiaries.

> Lloyds Eurofinance N.V. £200,000,000

Guaranteed Floating Rate Notes due 1996 Notes due 1996
For the three months May 26, 1998 to August 20, 1998 the Notes will otrry an internet rate of 7.875% p.a. with a Coupen Amount of 199.98 in respect of 25,000 nominal of the Notes and 2694.88 in respect of £25,000 nominal of the Notes payable on May 26, 1998.

PARTIAL GROUP operating profits at Deutsche Genossenschafts bank (DG Bank), the central institution for West Germany's buy a 75 per cent stake in Volk co-operative banks, rose by more than 5 per cent to DM573m (\$337m) last year from DM54m.

doubtful the momentum can be last year. Interest income increased by over 11 per cent to DM116hn, despite a fall in maring the per cent stake in Volk fuersorge, one of Germany's big about one third to DM154m.

(\$337m) last year from DM54m.

(\$337m) last year from DM54m. its at Deutsche Genossenschafts-bank (DG Bank), the central institution for West Germany's co-operative banks, rose by more than 5 per cent to DM573m (\$337m) last year from DM544m.

Full operating profits, which are not disclosed but include gains from trading on the bank's own account, increased by 14 per cent due to higher own-account earnings. Both results are highly credit-

able and come against a back-ground of generally lower profits among German banks in 1987 after the stock market crash.

executive. However, the bank is

tory - in a surprise move that appears to endorse persistent reports that he is disenchanted

the sale of his second major

investment in the territory - a 27 per cent bolding in HK-TVB, Hong Kong's leading television company, acquired for just under HK\$1.6bn early last year. Mr

Group earnings in the first four months of 1988 rose by 3 per cent against the same time last year, said Mr Helmut Guthardt, chief

Bond to sell property

portfolio in Hong Kong

MR ALAN BOND, the Australian Kuok, whose family controls the

entrepreneur, is to sell for Shangri-la hotels group. The deal HK\$1.37bn (\$175.6m) a portfolio of will earn Mr Bond a profit of six hig residential property devel-HK\$390m over the book value of opments in Hong Kong — one of the properties when they were his three investments in the terriacounred from Hongkong Land in

reports that he is disenchanted with Hong Kong as a home for overseas investment.

News of the disposal coincides with claims that he is negotiating the sale of his second major as the "best residential portfolio" in the control of the properties."

Bond's executives deny these He is also understood to have

claims.

Bond Corporation Internament decision to block foreign

tional, which was listed in Hong ownership of local television stations, a move that stymied his sell the property portfolio to a plans to take a bigger stake in company controlled by Mr Robert HK-TVB.

in Hong Kong."

Last June, Mr Bond told share

During his 18-month corporate

presence in Hong Kong, Mr Bond has had several clashes with the territory's regulatory authorities.

gest insurance groups, from the country's trade union movement, despite the continuing delay in concluding negotiations, said Mr Guthardt. "Another three more months are not important." he said.

One major hold-up to the bid, estimated to be worth some DM2.25hm, is the need to reconcile Volksfuersorge's relatively high wages and fringe benefits with those of R&V, the bank's existing general insurance operation.

The bank's total assets, pres-

The bank's total assets, presented for the first time in consolidated form, rose by over 12 per cent to DM135bn at group level to DM24.4bn last year.

Lendu Holdings PLC

Highlights from the Chairman Mr. E. Hadeley-Chaplin's Statement and the Accounts for the year ended

the benefit from the continuing strength of rubber prices throughout 1987 was reduced by weekening of the Malaysian Flinggit against Sterling.

profits before taxation increased to £169,640 from £60,467.

■ 134.09 hectares of Lendu Estate in Malaysia compulsorily acquired by the Malacca State Authorities for a college campus, resulting in an extraordinery gain.

£1,225,000 raised during the year before expenses after cash subscription by The Chillington Corporation pic and 1 for 7 rights issue.

Indialia, a 1,937 hectare sheep property in West Australia. purchased and since the end of the year an adjacent 289 hectares have been acquired:

since the end of the year the Company's holding in Colly Farms Cotton Limited was sold for £1,080,000. The profit before taxation amounted to £380,000.

the board proposes making a 3 for 1 capitalisation issue. Copies of the report and accounts are available on request from, M.P. Evans Secretarial Services Limited, Tuber Hill House, London Road, Sevenosks, Kent TN13 1DG.

This announcement oppears as a matter of record only.

First City Financial Corporation (Euro), Ltd.

US \$80,000,000 **EURO-COMMERCIAL PAPER PROGRAMME**

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May, 1988

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Interest Rate

Interest Period

85/16% per annum

27th May 1988 28th November 1988

Interest Amount due 28th November 1988 per U.S. \$10,000 Note U.S. \$ 427.17 per U.S. \$50,000 Note U.S. \$2,135.85

> Credit Suisse First Boston Limited Agent Bank

US \$600,000,000



Commonwealth of Australia

Interest Rate

Floating Rate Notes Due 1998 711/16% per annum

interest Period

27th May 1988 28th November 1988 Interest Amount due

28th November 1988 per U.S. \$ 10,000 Note U.S. \$ 395.05 per U.S. \$500,000 Note U.S. \$19,752.60

Credit Suisse First Boston Limited Agent Bank

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INTERNATIONAL COMPANIES AND FINANCE

Generally strong results continue to emerge from Japan. Ian Rodger and Stefan Wagstyl in Tokyo report

Itoh tops trading house sales league Electronics groups

C. ITOH topped the list of Japan's giant trading companies for the second year running in terms of sales, thanks to an aggressive push into new markets, espending the companies of the companies

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St Golai

Danish

) George Grains

he kroup, when the product of the he company of the head of

Godnin, which was come to company to a service comp

has bought B. a. producer, brack a ground of Obstacle ing for Wolseise in in the UE. has also out a new sexts by suchassis of SGE, its house for 25 per cent.

e disposal by Supice t in a series of de-te Danish group are store its finance, trous acquisitment, is fertiliser group. I year it also act of its Danish lefter to Finand's lefter traordingry

fraordinary inc. fraordinary inc. four (5102m), mix-these sales, cz. icly to turning 12, in 1996 into 12, 02m last year.

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Mitsui, the company which controls the luxury Mitsukoshi department store group, followed close behind, according to results published yesterday for the year to March. But Missubishi, the tra-ditional leader, languished in fifth place, due to its reliance on oil and gas, where prices were

take advantage of surging consumer spending in Japan and cut
reliance on exports, which are
heing hit by the high yen. At
Rob. for example, imports were
up 14.5 per cent, while exports bread and-butter husiness of
fell 15.5 per cent. For Mitsui, importing energy and raw mate-

JAPANESE TRADING HOUSES							
	Sales Pre-tax profd			Ne	Net profit		
<u></u>	Ybn	%	Ybn	%	YEn	%	
C. Itoh	14,921	+4.7	424	+21.1	10.8	+ 19.5	
Mitsul	14,131	+11.9	75.6	+20.2	12.8	+33.6	
Sumitomo	13,693	+5.9	49.1	+6.6	25.3	+ 11.2	
Marubeni	13,200	+2.7	38.0	+23.0	9.6	+62.1	
Mitsubishi	12.281	+3.6	69.8	-12.2	26.1	+21.5	
Missho Iwai	10,138	+38.5	30.6	+23	5.1	+26.2	

imports rose 4.4 per cent and exports dropped 19 per cent. The six companies concentries also jumped sharply - by trated on increasing imports to 41.5 per cent for Mitsui, which

ment, or Zaiteth, to the trading companies. Officials said total profit would otherwise have risen strongly.

Bumper one-off sales of financial assets were the main reason behind the sharp pre-tax gains at Mitsui, which made Y36.65n from bond sales. This was partly offset by e Y24.9bn increase in reserves for losses on its petrochemical complex in Iran, which has never beeo completed because of the Iran-Iraq war. The company said it had now provided for Y82.4bn of the Y83.6bn lost on the project.

ited from increased sales of steel and non-ferrous metals. At Mitsubishl, operating profits jumped 47.7 per cent to Y49th (\$393.8m), due in part to higher domestic sales of fuel and chemicals. For the current year, Mitsul is forecasting a sharp fall in pre-tax profits to Y45hn because bond due in part to higher domestic sales of fuel and chemicals.

However, Mitsuhishi's overall profit fell because of sharply lower sales of securities holdings highlighting the importance of financial investment manageshow soaring profits

HITACHI, Toshiba and Mitsubi shi Electric, three of Japan's biggest electronics companies, res-terday reported 55 per centralus increases in annual pre-entra profits due to a worldwide recovery in semiconductors and strong domestic demand for consumer and industrial electronics goods.

At each group, the divisions producing semiconductors and elated devices, posted the largest sales iocreases, which fed through into hefty profit gains because of the high margins on these products. Toshiba, in particular, gained from its world lead in developing one megabyte DRAM memory devices, the latest memory microchins.

However, all three suffered declines in sales in consumer goods, including televisions, because of the high yen and of competition from other Asian countries in export markets Hitachi, which like the others

was reporting parent company results for the year to March, showed slightly weaker sales of Y2,919bn (\$23.5bo) against profits Y65.1bn, up from Y53.3bn, giving curnings a share of Y22.29 (Y18.92). Toshiba's pre-tax profits were Y65bn (Y41.2bo) and oet profit Y37bn (Y23.7bn), on sales of Y2,682bn, up 7 per cent. Earn-ings were Y12.6 per share (Y8.67). Toshiba said it had been a very difficult year, not least because of the row concerning illegal sales

KDD, Japan's international lifted pre-tax profits 29.3 per its year to March, but warns that the current year's outcome cannot be forecast because of pending rate cuts.

Revernes rose 10.9 per cent to Y248.5bn but a rate reduction of at least 10 per cent is expected by the actumn.

The group said it was impossible to quantify the impact of the case on its image. Sales at US military bases had dropped from Y5bn a

year to almost nothing.

At Missubishi Electric, pre-tax profits were 58.2 per cent up at 441.8bn, on sales 8.4 per cent higher at V1.554ba. Net prefit was Y19.5bn or Y9.8 a share

For the current year, the three componies are forecasting continuing strong growth - espe-mally Missibish; which sees pre-Y2,925bn. Pre-tax profits were tax profits climbing by 43 per Y138.7bn against Y89.1bn and net cent. The company expects to get profits Y65.1bn, up from Y53.8bn, the benefits of heavy cost-cutting giving carnings a share of Y22.29 programmes. Hetachi predicts a

Toshiba 23 per cent.

As well as gains in semiconductors and computers, the companies reported solid demand for heavy electrical machinery and power supply equipment - an indication of the surge in capital of equipment to the Soviet Union. investment in Japan

The Permanent Trustee Company Limited as Trustee of Queensland Coal Trust

> US \$45,000,000.00 Floating Rate Notes maturing 1998

Holders of Fleating Rate Notes of the above issue are heleby notified that for the next interest period from May \$1, 1988 to November 30, 1989 the following information is relevant.

1 Applicable 7 27 57 a per gament interest Fate

2. Interest payable on next interest US \$4 02219 Payment Date.

per US \$ #10 0000 00 reported.

3. Next Interest Nevember 72, 1988 Payment Date

BA Asia Limited May 27, 1988 All the second of the second

Irving Trust

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Honda Motor 34.8% ahead at mid-term

HONDA MOTOR, the Japanese motor company, has posted a 348 per cent increase in interim pretex profits to Y91.12bm (\$732.3m). due to strong domestic sales and a surge in profits from financial

While overall turnover for the six munths to March grew 11.3 per cent to Y1.585bn, domestic sales fumped 31 per cent to Y552bn. Home sales of motorcycles rose 48 per cent, due to a sudden recovery in a market depressed for much of the 1980s.

sommer last year.

Net profits were up 20 per cent to Y4.1bn. The company is forecast-ing a 6 per cent rise in pre-tax

profits this year to Y16.5hn.

Meiji Milk, the second largest,

had a record pre-tax profit of Fanuc forecasts

stronger rally

were down 6 per cent.

in current year

But consolidated operating 1987, because the company is higher at Y1,310bn.

For the year to next March, 1988,6bn, due to the depreciating US dollar which hit overseas models boosted sales of autmosocidated profits would be pre-tax Y90bo oo sales of biles and motorcycles. Its best-However, the company's treaseling new motorcycles was Tact to February 1987, the last full However, the company's treaselling new motorcycles has best to February 1987, the last full surers came to the rescue, helping to raise "other income". helpet carrier. including investment income, sevenfold to Y35.3bn.

As a result net income was up 51.7 per cent at Y56.6bm, giving earnings per share of Y56 (Y38.36). The comparative figures are for the period to February

to Y2.2bn but only a marginal

has decided to raise its annual dividend by YI to Y6.

For the current year, it is fore-

casting sales growth of 15 per cent to Y320bn and a pre-tax

rials into Japan. Sumitomo prof

Honda made no forecast for the

The group's results would sufoverall group, but said unconsolidated results (covering mainly

dollar – partly because exports

Japanese operations) would show from Japan would be hit and a decline in profit from Y47.4bn partly because profits earned in to Y43bn for the six months to North America would be reduced September on sales slightly on translation into yen.

All of these securities having been sold, this announcement appears as a matter of record only

May, 1938 Concurrent Worldwide Offering

5,503,107 Shares

Sotheby's Holdings, Inc.

Class A Limited Voting Common Stock (\$0.10 par value)

Minolta result PANUC, the Japanese industrial, PRE-TAX profits of Minolia

Slow camera

sales depress

antiomation group, has reported a Camera, a leading Japanese 2.7 per cent rise in pre-tax profit maker of cameras and copying to Y34.5bn (\$277.3m) in the year machines, fell 38.7 per cent to to March Y5.1bn (\$41m) in the year to March, on sales down 6.8 per cent to Y196.8bn.

Sales of office equipment were strong, but camera sales The company is forecasting a much stronger recovery in the current year, in which profits are

Dairy companies benefit

JAPAN'S leading dairy compa-nies have enjoyed handsome rose for the first time in three profit increases thanks to the simplies to sales of milk and fee cream caused by the hot, dry expects another increase in sales to Y2 fin but only a marginal

sommes last year.

Pre-tax profits of Snow Brand
Milk, the largest dairy group,
immped 20 per cent in the year to
March to Y1555m (\$124.5m) on a 3
per cent sales rise to Y450.5m,
sales to Y35.2bn. The company
has decided to refer its annual

from hot, dry summer

were strong, but camera sales were slow due to the high value of the yen and weak demand for single reflex lens models. Net profit was down expected to rise 30 per cent to Sales of plastic injection moulding machines, a relatively naw line for the company, showed an increase of 17.5 per cent last year, but sales of numerical control systems, the 37 per cent to Y2.8km or Y12.38

The company is introducing new models of auto-focus cam-eres this year and hopes that they will make an impact on sales and profits in the second half. It forecasts that pre-tax core of the business, were flat and sales of industrial robots Total sales were down 1.5 per ceot to Y116.7bn. Net profit decined 13 per cent to Y16.7bn or Y74.03 per share. profits will rise to Y6bu for the

This portion of the offering was offered in the United States by the undarsigned.

2.903.107 Shares

Price U.S.\$18 Per Share

Salomon Brothers Inc

Beer, Steams & Co. Inc. Ditton, Read & Co. Inc.

Goldman, Sacha & Co.

Lazard Frares & Co.

Furukawa increased sales 10.8 company was forced to take a per cent to Y470bn (\$3.78bn), Y10bn loss on the value of its while turnover at Sumitomo grew by just 3 per cent to Y550bn. a 65.8 per cent fall in net income Furukawa's pre-tax profits soared to Y4.5bn. 55.2 per cent to Y13.9hm, compared with a gain of 7 per cent to invested in a subsidiary involved in a dispute in the US over a Sumitomo's small sales patent for optical fibre manufac-increase was achieved despite a 41 per cent decline in exports, which were hit by the apprecia-which were hit by the apprecia-which were hit by the apprecia-which companies which companies which companies which companies which companies the business of the companies which companies the business which were the business was achieved despite a superior to the business was achieved to the b

which were mi by the apprecia-tion of the yen.

Both companies were affected ness from Nippon Telegraph & by troubles at subsidiaries. Furu-kawa, which is known for its est profit and sales increases. Nissin Food ahead at pre-tax level

Furukawa gains ground

FURIKAWA ELECTRIC, Japan's aggressive expansion into new fields, including optical fibres and light metals, suffered from excessive liabilities at Furuket leader Sumitomo Electric.

on Sumitomo Electric

has led a Japanese boom in rose just 0.6 per cent to Y19.24bn V19.5bn — as rivals fight for mar-(\$154.6m) in its March year as ket share amid changing conmarketing and development costs sumer tastes.

NISSIN FOOD Products, which took their toll on sales which

U.S. \$150,000,000 Canadian Imperial Bank of Commerce (A Canadian Chartered Bank)

Floating Rate Deposit Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given, that for the interest Period from February 29, 1988 to May 31, 1988 the rate for the finer interest Sub-period from May 26, 1988 to May 31, 1988 has been determined at 71/2% per areturn, and therefore the amount of interest payable against Coupon No. 15 or per U.S. \$10,000 nominal in ered form, on the relevant interest payment date May 31, 1988 will he i I S. \$180.91.

By: The Chase Manhatian Bank, M.A. London, Agent Bank

CHASE

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Merrill Lynch Capital Markets Montgomery Securities Morgan Stanley & Co. PainsWebber Incorporated Prudential-Bache Capital Funding

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This portion of the offering was placed in the United Kingdom and Ireland by the undersigned.

1,500,000 Shares

Price U.S.\$18 Per Share

Salomon Brothers International Limited

Lezard Brothers & Co., Limited

Cazenove & Co.

Bell Lawrio Ltd. Nellson Milnes Ltd. Henry Cooke, Lumsden pic Stock Beech & Co. Ltd.

This portion of the offering was offered outside the United States, Canada. the United Kingdom and Ireland by the undersigned.

1,100,000 Shares

Price U.S.\$18 Per Share

Salomon Brothers International Limited

Lazard Brothers & Co., Limited

Cazenove & Co.

Julius Beer International Limited Banque Paribas Capital Markets Limited

Commerzbank Aktiengesellschaft Deutsche Bank Capital Markets Limited Goldman Sachs International Corp.

Morgan Stanley International N M Rothschild & Sons Limited

Banque Indosuaz Chase investment Bank **Daiwa Europe Limited**

> Dresdner Bank IMi Capita! Markets (UR) Ltd

Nomura International Limited Shearson Lehman Hutton International

SBCI Swiss Bank Corporation

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AMC marketing treasury know-how

THE CRASH of the tin market in manage its own cash flows and 1985 but Amalgamated Metal Corforeign exchange exposure.

where accountants or traditional itself up in competition with banks, offering expertise and serporation on its mettle. The company, British trading subsidiary of the West German metals giant Preussag, had bought tin and sold it forward to the International Tin Council, which failed

to meet its obligations.

As the price of tin halved, the company's net worth shrank by two-thirds. "Without the support of our banks and our parent company, we would have been insolvent," says Mr David Fell, the group's deputy treasurer. "We had the bottom knocked

out of our business," he says. The company cut nearly all its trad ing in physical metals, and its trading in the forward market suffered in a downturn of busi-ness on the London Metal

The company had shrunk dramatically. But, following a capital injection from Preussag, it was decided to change direction by enlarging its industrial divi-sion, by partly rebuilding its metals trading business and by increasing the profile of its trea-

Its strategy for its treasury simed to build on an area of the company that it bad regarded since 1982 as a potential profit centre. Under Mr Keith Gaunt, formerly with National Westminster Bank and Italian International Bank and now AMC'o director of corporate finance, the traditional view of the treasury as a burden to the company had already been transformed.

It has since taken the process a logical step further in deciding after the tin crisis to market to

BY GEORGE GRAHAM IN PARIS

THE FRENCH stock exchange

has lifted its ban on Louis Bau-

doin, the stockbroker which was suspended from dealing in March

after the eruption of a financial

scandal.

Baudoin, which had to go into

bankruptcy, has now been taken

over by Finacor, France's leading

money-broking group, in partner-ship with Batif Banquo (con-trolled by the Thomson electron-ics group) and Groupe Artois Picardie, part of the Credit Mutuel co-operative banking net-

work. The partnership paid FFr55m (\$9.64m), and will keep

The stockbroker will be

June 1, under the name of Fina- to maintain earnings.

allowed to reopen for business on

two thirds of Baudoin's staff.

Bourse lifts Baudoin ban

followed a pattern adopted by a growing number of non-financial companies in many countries.

Many Japanese industrial cor-

porations have taken this to an extreme in the practice of Zaitech financial technology. The risky business of playing in the financial markets is more important to the earnings of some com-panles in Japan now than their basic industrial business.

Stephen Fidler on a British tin trader's plans to profit from foreign exchange dealing expertise

annough big multinationals such as British Petroleum have sophisticated treasury operations of long standing and high repute. So large are some of these courses the such as a s large are some of these compa-nies' operations that banks in the foreign exchange market, for example, often are unsure whether to treat them as competitors or customers

The practice has trickled down only slowly to smaller UK companies, although many must now manage a growing exposure to the foreign exchange market which can play havoc with their

"A lot of corporates are still not very sophisticated in the way that they run their treasury. says Mr Foll. He distinguishes between the traditional treasury run by most British companies,

the stockbroker for his group,

however, was the opportunity it would offer for trading in stock index futures and options and

arbitraging with the underlying

trading volumes and commis-sions were falling on many mar-kets. His group therefore needed

to find new markets - such as

stock index futures or the

over-the-counter Pihor market -

and the second section is a second section.

He warned, however, that both

cash market

in building up the capacity of role as arranging borrowings and its treasury, Amalgamated has effecting financial transactions, and what he calls operational treasury. Here a company will use its natural cash flows and costly mistakes. They will often foreign exchange exposure as a resource on which to build a prof-

itable operation. Managing its own finances has been important to AMC. Between 12 and 20 per cent of the group's pre-tax profit is attributed to the treasury operation, not counting savings on translation losses. As British companies have not a trading company, its turnover moved far down that road, is high: £1.08bn last year com-

sary trading skills," says Mr Fell.
The products being marketed
by AMC Treasury Services

The importance of AMC's story lies mostly in what it signifies about a more general trend in the financial markets. A growing sophistication in treasury management is leading some compa-nies to develop expertise and move into businesses which used to be the prerogative of hanks and the financial services indus-

It is a trend which has impor tant implications, and not only because of the overcapacity which already exists in some sec Ezon e year. Treasury makes a lot of sense for a trading com-pany because we have the necestors of the financial services

banks could serve better. Treasurers of smaller compa

not have the time to get competi

tive price quotes from a number

of banks, and they will declare themselves as buyers or sellers in

advance of the trade, a practice

which never occurs between cur-

industry. It would be premature to speak of British Zailech but there are important implications for UK industrial or trading companies. Actively managing foreign include a programme which anal-yses forward foreign exchange exchange exposure, for example, risk and allows for a better opens up 8 company to new risks

risk and allows for a better understanding of managing it. It also offers to banks and companies transaction services in the spot and forward foreign exchange market. It will, for regulatory and prudential implications for central banks. The example, take even relatively small orders for execution at the close of the London market, at and tougher capital requirement for banks and securities firms in wholesale rates.

Thus it becomes another nonbenking firm which is setting likely only to reinforce the trend.

Japan plans new bond tax

Party's (LDP) tax panel, which ministry official said.

stocks, he said. But public and private bonds new capital gains targe, and investment trusts incorporat

The LDP tax panel is expected

amount of sales.

has a major say over the Govern-ment's tax policy, is expected to endorse the decision, a senior than 0.4 per cent to less than 0.4 per cent.

The Government and the LDP The ministry and the LDP tax had earlier agreed to cut the rate panel have already agreed to key of transactions tax, levied on all taxes on capital gains from sales or purchases of stock, in exchange for the introduction of

ing stocks will be free from such to finalise the sweeping tax taxes.

The official said the ministry month.

BY OUR FINANCIAL STAFF

cor Bourse.

THE JAPANESE Ministry of had not yet decided on the exact function of Finacor, said Baudoin had a strong position in the hond bonds and bonds with warrants be around 1 to 2 per cent of the

market, where it ranked third, under planned tax reforms, and in stock options, where it ranked first. The main interest of The ruling Liberal Democratic likely to reduce the rate for transactions tax by more than transactions tax by more than

The great

Pub to raise vices in a market it believes the £875m nies can and do make potentially

Courage

By Stephen Fidler, Euromerketa Correspondent

AN £875m syndicated loan was launched yesterday among international banks to finance the proviously-announced acquisition from the Elders IXL group of nearly 5,000 public houses by a newly-formed joint venture.

The finance is being raised

by the Courage Pub Company, joinfly owned by Elders and Hudson Conway, the Australian property company, and is secured on the new company's assets. Elders will provide the lending banks with a further undertaking to make up the difference, if any, between the pub company's revenues and its interest obligations.

The loan is structured in two

parts. The first part is of £660m of senior debt with a final maturity of five years, of which £200m will be repaid at the end of the third year. It carries an interest margin over London interbank offered rates for sterling of 0.5 percentage

The second part is a £215m of junior debt with a maturity of seven years, when the full amount will be repaid. This carries a margin of 0.75 per-centage points. The borrower will pay the banks' reserve assets costs on both tranches.
As further protection, the
hanks require compliance with certain financial ratios: there is a required ratio of total secured debt to assets of 66.7
per cent and of senior secured
debt to assets of 50 per cent.

It is expected that part of the loan will be replaced in time with long-term financing, probably in the form of domes-

Euronote issue tied to gold price average By Our Euromarkets Correspondent

BANKERS TRUST International and Lazard Preres are offering \$100m in four-year Euronotes, the performance of which is tied to the average gold price over the period. The notes are being marketed to institutional investors as an inflation hedge which will be less volatile than either

gold bullion or gold shares. Bach note represents five omness of gold, and is being sold at \$2,190 each, equivalent to \$438 an ounce. The mini-mum price at which the notes will be redeemed in four years' time is \$2,275, or \$455 an ounce. Yesterday afternoon's

However, the redemption price will be increased above \$455 an ounce for every cent that the average price of gold over the four years - as measured on the 14th of each month - exceeds \$438 an ounce. The borrower is BT Gold Notes, a special purpose company guaranteed by Bank

Bankers Trust said it intended to make a market in the notes to ensure their

SecPac moves bring job cuts By Dominique Jackson

SECURITY PACIFIC House Govett said yesterday that closer amalgamation of the separate market-making divi-sions of Security Pacific and Hoare Govett had resulted in the loss of 22 jobs earlier this

in the glit-edged and financial futures department and seven futures department and seven in the Eurobond department. A Security Fecific Hoare Govett official said a larger number of employees had been transferred to other posts within the company. The company was not withdrawing from any markets he added. markets, he added.

The redundancies were part

of a campaign to reduce overheads in a response to current subdued market conditions. Further job losses at a later stage could not be ruled out, he said.

Zurich to split off bond trade

THE ZURICH Stock Exchange hopes to split off bund trading by next year to devote more capacity to stock dealing, Renter reports from Zurich.

"We hope to find the ways and means by next year to transfer interest-bearing securities from the ring to a roucher or trading system, so that ring capacity will be freed for more continuous trading in a greater number of shares," said Mr Richard Meler, a êtrec

ered, but not yet agreed include shifting pre-bourse trading in over-the-counter shares to the afternoon, adding more continuously traded stocks and forming new trading categories.

Swap windows attract four Ecu borrowers

new deals when more than 20 tion was not amoothed by the fees new bonds in several currencies, including over \$1.5bm of dollar-denominated paper, were launched.

Secondary markets were subdued by a downturn in US Trea-sury honds. Eurodollar bond prices eased marginally in line with Treasurios after closer examination of new US first quarter gross national product data reawakened inflationary

Although the price deflator was revised to 1.7 per cent from 24, an upward revision in first quarter GNP growth - to 3.9 per cent from 2.3 - once more prompted fears that the Federal Reserve could move to raise key interest rates today.

Worries that global rates are set to rise appear to have been behind the rush by borrowers to tap the market this week. Syndicate managers had few other strong explanations for the scramble to lock into relatively cheap sources of funds. However, many noted that sev-

eral borrowers have been waiting to come to the market for some time and were apparently encour-aged by the more stable tone seen on the foreign exchanges recently. Nevertheless, underly-ing sentiment remains bearish in most sectors and dealers were sceptical as to whether all the new paper would be satisfactorily placed with end-investors. Yesterday's sole straight Euro-dollar bond issue was the \$100m

10-year 10 per cent deal at 102 for the Republic of Anstria. Mitsubishi Finance International was the joint lead manager and book run-ner on the deal. Morgan Stanley was the other lead manager. Although the issue saw good

Although the issue saw good demand, remaining comfortably satic about the other two earnings of the market was more eminds. The market was more eminds with the constraints about the other two each cought Coexterreichische Konstein its total 2 per cent fees all deals. Crédit Lyomasis led a bumbrought to the market with a deals, it failed to receive the thumper Ecul50m five-year bond at two-tranche issue totalling for long been predicting for a longer-dated straight dollar bond lecommunications. Although the grant tranche at 4% per cent and longer-dated straight dollar bond lecommunications. Although the same longer-dated straight dollar bond lecommunications are same lecommunications. Although the same lecommunications are same lecommunications.

THE PRIMARY Eurobond market points over comparable Treapaused for breath yesterday following Wednesday's onslaught of ously priced. However, its receptory day well hid still within its 1% However, an anticipated 10year Eurodollar bond for Austria
emerged and swap windows
prompted four new Ecu deals.
Secondary markets

Europe brought lamp manufacturer Ushio to the market with a \$150m five-year deal on which the coupon is indicated at 4% per

INTERNATIONAL BONDS

cent. Yamatchi International led a \$250m issue by chemical giant Showa Denko. The coupon in the five-year bond is also indicated at 4% per cent.

Attractive owap windows Attractive ewap windows opened in the Ecu sector, prompting four borrowers to launch new deals. The first to emerge was a three-year ECU loom deal at 7½ per cent and 101½ for American Express Credit lad by Bankers Trust. Although the shorter maturity on the deal apparently appealed to several investors, the tens began to look less attractive ne began to look less attractive as more borrowers rushed to tap

Another Ecultom deal for Anstralia and New Zealand Banking Group came viz Swiss Bank Cor-poration Investment banking. The five-year deal at 101% was expected to see reasonable demand largely due to its attractive 8 per cent coupon. However, dealers also noted that the lead manager has good placing power in Switzerland where almost all the recent demand for ECU paper. the recent demand for Ecu paper has been seen. The deal finished the day locked on its fees of 1%...

The market was more enthusi-

Credit Suisse First Boston led the day's other popular deal, an Ecu75m 7% per cent four year issue at MH% for Credit Suisse Finance (Querusey), guaranteed by Cradit Suisse. The bond was bid at a discount of 1%, well within its 1% fees.

Wood Gundy brought the

Wood Gundy brought the regional mimicipality of Metropolitan Toronto to the Canadian dollar market with a Catom seven-year deal at 10% per cent and 101%. The deal is expected to be hoosied by continuing Far Eastern demand for the carrency. It closed bid at a discount equal to its 1% feet.

In West Germany, details of the new 10-year DM4bn federal government bond were released, largely in line with market expectations, with a 6% per cent coupon at 99% to yield 6.57 per cent at issue price. However, this was not considered stractive enough to prompt switching out of domestic bank bonds of similar maturity and the issue suffered

domestic bank bonds of similar majority and the issue suffered further from lack of foreign interest in D-Mark paper.

The details of the new issue subdued prices in both the domestic bond market and the euromark bond sector with further falls seen later in low volumes in line with New York umes in line with New York.

The sole new issue was a seven-year DM300m 5% per cent deaf at per for Dutch electronics group Philips. Dresdner Bank led the issue which was deemed rela-

tively tightly priced. In Switzerland, Swiss Bank Corporation brought the European Investment Bank to the market with a SPri50m loyear deal at 4% and par. Handelsbank natwest led a convertible Skyloni five-year deal for Japanese Kaga Electronics on which the coupon is indicated at 'a per cent.

Wirtschafts- und Privatbank brought Oesterreichische Kon-trollbank to the market with a two-tranche issue totalling SFr75m tranche at 4% per cent

FT INTERNAT	IONAL BOND SERVICE
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This announcement appears only as a matter of record.

May, 1988

SEK

AB Svensk Exportkredit

(SWEDISH EXPORT CREDIT CORPORATION) (Incorporated in the Kingdom of Sweden with limited liability)

U.S. \$200,000,000

7½ per cent. Notes due 1989 Issue Price 100¾ per cent.

Kidder, Peabody International

Bankers Trust International

Bank Brussel Lambert N.V. Crédit Commercial de France

Kuwait International Investment Co. s.a.k.

The Nikko Securities Co., (Europe) Ltd. Prudential-Bache Capital Funding

Security Pacific Hoare Govett SwedBank (Sparbankernas Bank)

Merrill Lynch International & Co.

Daiwa Europe

Mitsubishi Finance International Norinchukin International

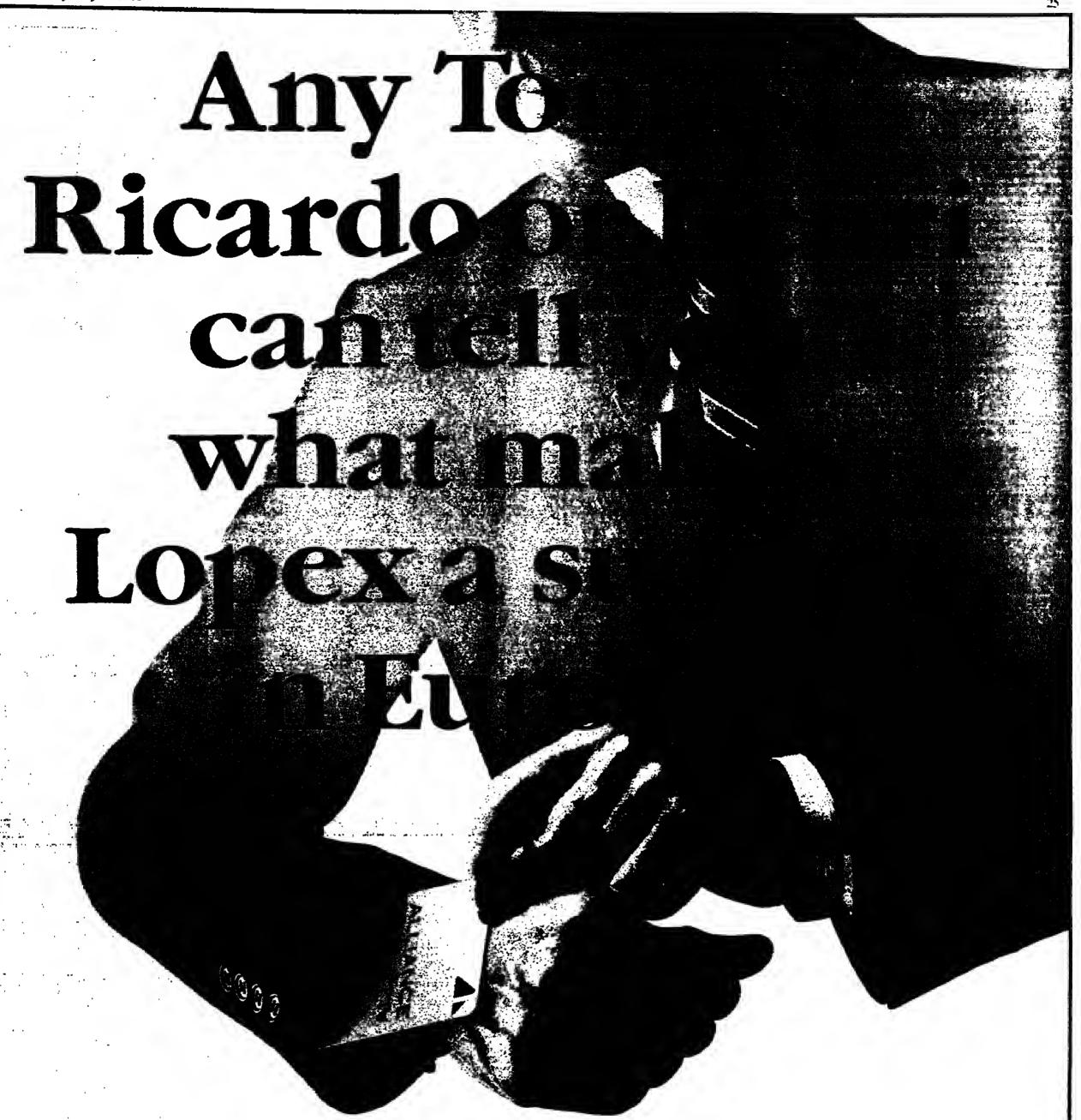
Saitama Finance International

Banque Française du Commerce Extérieur

Svenska Handelsbanken Group S.G. Warburg Securities

Other changes being consid-

act



When you're communicating in Europe, it pays to speak with a local accent – whatever the country, whatever the message, whatever the audience. That's why – before the single market was even conceived, we at Lopex had responded to the challenges by creating Alliance International.

A network of agencies spanning 19 cities in 9 European countries.

A network which is still expanding – and which now includes a strong and determined presence in the US and Singapore.

A network which was responsible, in the last year alone, for a contribution of over 40% of the record group earnings per share and pre-tax profits of £4.7 million.

LOPEX

communications group

If you would like a copy of the 1987 report and accounts and/or the Alliance International promotion pack, please contact:

John Castle, Chairman and Group Chief Executive, Lopex plc, Alliance House, 63 St Martin's Lane, London WC2N 4BH. (Telephone: 01-836 0281).

early year decline in its perfor-

Pre-tax profits jumped by 29 per cent in the three months to April 1, reaching £66.8m against £51.7m, while turnover rose by 2.9 per cent from £404.8m to

As a result, full year pre-tax profits were down by 6.6 per cent at £172.1m against £184.2m, despite at £181.1h This recent £1.43bn to £1.3bn. This represented a significant recovery from the group's position in the also first nine months of the year, dispo when it registered a pre-tax year.

the formation of the the new GPT joint venture telecommunications group with GEC. Last year the group took an extraordinary charge of £3.5m for its defence

costs in the takeover bid by GEC.
Mr Stephen Walls, finance director, said the credit figure was struck after deducting the costs of reorganisation expendi-ture associated with GPT from the £46m the group had received from GEC to equalise the assets in the joint venture. Plessey had also charged net losses on the disposals of other businesses last

when it registered a pre-tax decline of 20.5 per cent to £105.3m on sales down 13.7 per cent to £84.2m.

Sir John Clark, Plessey's chairman and chief axecutive, described the results as "creditable", particularly taking account of the negative effects of currency adjustments. "We have good reasons for renewed confidence with a record order book," he said.

At an attributable level, profits rose by 13 per cent from £116.3m to £131.1m, giving earnings per

Plessey, the UK electronics results were helped, however, by the group's hopes of large offset group, registered a jump in final a reduced tax charge, down to orders from the Bosing AWAC quarter profits which has enabled the group to reverse much of the nary credit of £12.4m relating to placed by the UK Government early warning aircraft contract placed by the UK Government had still to materialise. Plessey had received orders so far of just over £4m, compared to a promised British total for the project

of Libn. The year had been one or intense activity, he added, involving the formation of the new telecommunications joint venture, two "significant" acquisitions in the North American defence sector, the purchase of Ferranti's semiconductor division, and a number of smaller joint ventures The group was continuing with its efforts to develop its overseas

activities in the US and Surope.
Two further deals were
announced yesterday. In Europe,
the company is investing £18m in Elettronica, the Italian defence electronics group, raising its stake from 35 per cent to 49 per cent. In a further rationalising step in the UK, Plessey is also selling its Microsystems business, which has sales of about £20m, to members of its existing manage-

ment team.

Despite the acquisitions, the company ended the year with

RHP advances 22% to £11.7m

RHP Group, the former ball-bearings company which acquired the
Burgess Group, electrical engineers. in February, yesterday

sitions for \$100m each in the field seen for several years.* The tax
of fire detection, though the deals charge was £4.12m, against
were a long way from fruition.

Mr Ewart said the adverse dend of 2.4p (2.2p) was declared. Burgess Group, electrical engineers, in February, yesterday announced interim pre-tax profits up 22 per cent to £11.69m and a change of name to Pilgrim House Group.

The educate for the six months:

Were a long way from fruition.

Mr Ewart said the adverse trading conditions reported at the time of the acquisition at two of the Burgess subsidiaries. Coin and AEC - had improved and both accuracy for the six months.

The advance for the six months to April I 1988 from £9.54m previously, was made on reduced turnover of £78.07m, compared with £87.42m. The results include 11 weeks' profits from RHP's bearlast December for £73.5m, and a six-week contribution from Bur-Earnings per share rose from

Mr David Ewart, chairman, said trading conditions for the continuing businesses and the acquisitions had been good and scruisitions had been good and were encouraging for the future, The cash position was strong. The cash position was strong ther acquisitions. "We are enjoying activities, plus small bolton ther acquisitions. "We are enjoying activities, plus small bolton purchases. Expectations of £31m ing a higher level of order input for the full year produce a proposition of the full year produce a proposition of the full year produce a proposition of £31m ing a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce a proposition of £31m in a higher level of order input for the full year produce

and ARC - had improved and both companies were now trad-ing satisfactorily. The financial irregularities at the Burgess West German subsidiary "were no worse than had been disclosed" (at the time RHP said the irregu-

comment

After all the broubaha surrounding the Burgess "began as a merger ended as an acquisition" affair, analysts were pleased to German subsidiary "were no see that had been disclosed" (at the time RHP said the irregularities would reduce Burgess's profits by £750,000) and RHP was confident that it could mitigate any located to allay worries of any any losses.

RHP has acquired three other businesses this spring, two US and one West German, all involved in the fire protection industry.

Ms Execute and the arrangement with the spring is on any losses.

And the interest now centres around what RHP will do with its 260m cash pile. The betting is on any configurations around what RHP will do with its 260m cash pile. The betting is on any configuration and the interest now centres around what RHP will do with its 260m cash pile.

Imminent disposals should net Suter £40m

By Nikki Tait

MR DAVID ABELL, chairman of Suter, the acquisitive industrial conglomerate, told shareholders yesterday that the company expected to raise more than \$40m from the sale of a number of businesses during the next few weeks. The sale consideration figure includes borrowings eliminated as a result of the dispos-

Speaking at the company's annual meeting, Mr Abell added that the board had just received a revaluation report

received a revaluation report on the company's 16 most substantial properties. This, he said, showed a £15m surplus over current book values.

As a result, he suggested, Suter hoped to reduce borrowings to less than £40m by endJune, compared with net assets of more than £90m.

The major disposal under negotiation is believed to be Mitchell Cotts Transport Services, acquired last summer as

vices, acquired last summer as a result of its successful 277m

a result of its successful £77m bid for Mitchell Cotts.

Mr Abell also referred to the insidar-trading allegations made against him by a Channel 4 television programme last year, which he has strenuously deuled. He conceded that the company's share price had been affected and added that the libel proceedings were being "vigorously pursued". He said that because of the legal situation he could not comment in detail.

Polly Peck chief increases stake

Mr Asil Nadir, chairman of Polly Peck International, has increased his interest in the agricultural, electronics and textiles group from 24.67 per cent to 25.43 per cent of ordinary shares. Restro Investments, a private company owned by Mr Nadir, this week bought a total of 2.48m shares at prices between 297p and 317p. The first shares were bought on Tuesday, when Polly Peck reported better than expected interim greater profits of ted interim pre-tax profits of

Restro also bought £609,683 nominal of Polly Peck's 9 per cent convertible unsecured loan stock.

Maggie Urry looks at Reed's plans to concentrate on publishing

The cuckoo ejects the parent

Reed International How Profits have changed (%)

Reed International's decision to sell its paper and packaging businesses. The company, nearly a century old, bas its roots in paper making and has suffered or enjoyed the swings of the paper cycle ever since.

Reed's move into publishing came when it took control of IPC in 1970. "Now the cackoo is pushing the other fledglings out of the nest - and the parent too", says one long-time Reed follower. Yet yesterday's announcement

of a planned management buyout for its European paper and packaging business and the sale of the Canadian paper mill, can be seen simply as a culmination of the concentration of the group over the last few years. In 1982, Reed reported profits

from 10 different trading divi-sions. That will have fallen to two broad categories – publish-ing and paper and packaging – in the year to March 1988, to be reported on June 8 when more details of the disposals will also Under first Sir Alex Jarratt,

then Mr Leslie Carpenter and lat-terly Mr Peter Davis, chief execu-tive since 1986, Reed has been selling off what it saw as periph-Most famously, the Mirror

newspaper group was sold to Mr : At the same time a series of Robert Maxwell in 1884. But a acquisitions built up the publishhost of other deals saw the depar-ture among others of the Odhams printing business, Spicer-Cowan paper merchanting, the Sander-son, Crown and Sunworthy wall-paper companies, the building

1987 Trading Profit (Em)

US

Morth

Paper

American

Packaging

book publishers and Variety, the trade paper of the entertainment

world. or subscriptions.
Henceforth Reed will have one Also the publishing businesses

products division, and the paint business - publishing. But Mr and do-it-yoursalf activities. Davis stresses that does not and do-it-yonrsalf activities.

There has also been the occasional closure, such as the Coltonal closure, such as the Coltonal

1967/8 est

sumers through magazines and local papers, the business market, and through Butterworth, the professions. Mr Davis 2008 opportunities to expand in most areas of publishing. Should the two disposals raise

111-1

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Marnet.

\$5.00 2.00

Street at

Should the two disposals raise 1800m, as many analysis predict, and with less than 1200m of debt in Reed's balance sheet. Mr Davis clearly has the funds to go on a buying spree. Octopus cost \$540m last year, but during the financial term a trivial of on aphiliching spree. year a total of 20 publishing companies were acquired.

He is determined not to over pay for acquisitions, and says he recently walked away from a deal where the price was wrong. But he agrees p/e ratios for publishing companies are higher than for the paper and packaging businesses he is asiling

for the paper and packaging outer nesses he is selling.

Analysts were concerned fea-terday that the sales would dilute earnings per share in the short term. Mr Davis agrees that, depending on the timing and price of acquisitions, there could be a panse in earnings growth.

"It would be difficult to maintain a cheely increase in earnings per "It would be difficult to maintain a steady increase in earnings per share while doing something as significant as this," he says. But he adds "we would not be doing this if we did not think it would enhance value for shareholders." There is also the suggestion that Reed has opened itself to a predator, by forming a coherent group with a pile of cash. Mr Davis recognises the risk though he points out, with a market captalisation of around \$2.3hn. Reed

Reed picks a good time for paper sale

revitalised in recent years. Only a few weeks ago Reed opened the first new paper machine at its Aylesford mill in Kent for thirty years - a sign of the resurgence

in the industry.

Over the last few years Reed has also been spending heavily, investing in and streamlining its paper and packaging interests. After taking the strategic decision to sell last autumn, Reed restructured its European interestructured its European interestructured. ests into one manufacturing group, headed by Mr Peter Wil-

In Canada too investment in been high. At the same time the improvement in newsprint prices, and a sbortage of capacity as

capacity comes on stream and a weakening in rate of demand growth seems probable.

Thus the businesses Reed is

selling are currently eminently saleable, but in a few years time might not have proved so attrac-tive to huyers. They comprise: • Reed Manufacturing Group which is planned to be sold to a trading profit of £56.4m before central costs, on a turnover of £706m, in the year to March 1987. At the interim stage, trading profits rose 10.2 per cent to £29.8m and analysts are looking for £81m for the full year.

There are three activities within the group: European paper which includes the UK and demand for the product grew, has Netherlands paper-making busimeant a sharp rise in profits ness, plus the transport
there. operations handling paper and
packaging: the UK packaging
the market anxious to extend by

WHATEVER THE merits of Reed's decision to sell its paper and packaging business, its timing could hardly have been better, writes Maggie Diry.

The paper industry in the UK, and and around the world, has been the cycle once more, as new and around the world, has been the cycle once more, as new around the cycle once more around the c paper merchant in Europe.

Reed'a North American Paper

Group which makes 400,000 tonnes of newsprint a year, following an expansion of the mill's lowing an expansion of the mill's capacity. It also makes 35,000 tonnes of paperboard, 20,000 tonnes of market sulphite pulp and has packaging interests.

Trading profits were £24.4m in 1986.87, on sales of £179m. At the half-way stage it reported a doubling of trading profits to £18.8m following the completion of the

following the completion of the expansion. Analysis are forecast-ing trading profits up to £38m in the full year.

The manufacturing group will follow two other notable management buy-outs in the sector if the plan goes ahead. Both Lawson Mardon, a Canadian-based packaging group, and UK Paper, a fine paper maker, have success-

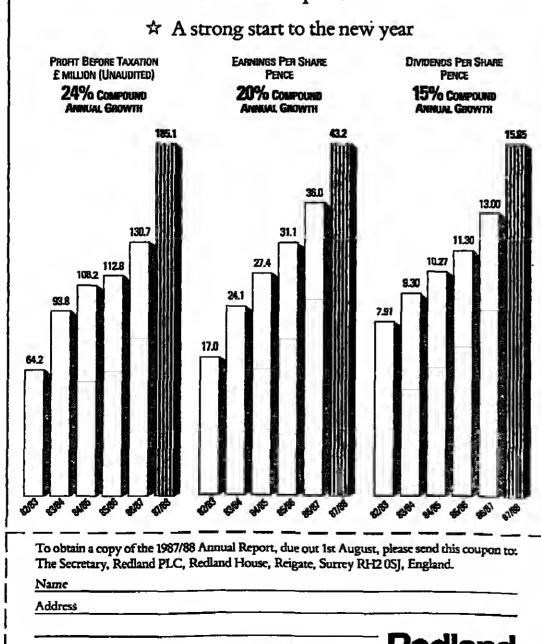
ber industries.
Despite the cyclicality of the sector, and the heavy capital investment required — two factors which persuaded Reed to sell — Reed Manufacturing's predecessor's have shown it possible to the self-section for a house of the self-section for a house of the self-section. raise backing for a buy-out.

In this case the buy-out ikely to be the second largest in the UK after MFI - has been organised by CIN Venture Man-agers, and includes as equity backers British Coal pension funds, British Rail pension funds, 3i, the venture capital group, Globe Investment Trust, Citicorp Venture Capital and Prudential Venture Managers. Chemical Bank is arranging the debt facili-ties. The group will keep the Reed name until it floats once

Reed's North American mill, Even so the current shortage of capacity in the newsprint market is likely to make it a desirable fully returned to the stock mar-ket after being bought out from time taken to build new mills.

KEY RESULTS

- ☆ Profit up 42%
- ★ Earnings per share up 20%
- ☆ Final dividend up 25%



Beazer extends bid again | Laing plans office park

Beazer, the UK construction and housebuilding company, has extended yet again its \$1.7bn (£914m) offer for Koppers, the US aggregates and chemicals group. The offer has been extended until midnight tonight. About 19.74m shares, 70.2 per cent of Koppers' ordinary equity, have been validly tendered and not withdrawn; in addition, BNS, the company specially created to make the bid, owns 7.4 per cent of the equity outright.

The bid is being delayed by the courts. A hearing in a Pittsburgh court to discuss the financing is scheduled for May 31; there is an anti-trust case in California; and

IN BRIEF

ALPHAMERIC: Acceptances

have been received in respect of 3.72m shares (98.6 per cent) offered under the rights issue. CRANBROOK ELECTRONIC Holdings, USM-quoted electronic

component distributor, achieved

pre-tax profits of £75,000 (£85,000)

for six months to end-March and is to pay a maiden interim dividend of 0.5p, from earnings of 0.8p (0.8p) per 5p share. Turnover £4.24m (24.34m).

MURRAY TECHNOLOGY Investments per asset value at March

ments: net asset value at March 21 1988 stood at 83.79p, against

107.05p a year earlier. Revenue £122,410 (£99,629) before tax of £36,493 (£32,921). Earnings per share came out at 0.57p (0.44p). The single final dividend is held

at 0.4p. BOYSCOT FINANCE Group, part

of the Royal Bank of Scotland, raised pre-tax profits from £12m to £12.9m in the six months to March 31 1988. J. SMART & CO (Contractors),

building and public works con-tractor, reported pre-tax profits of £1.12m (£580,000) for the half year to end-January 1988. Turnover

25.65m (£5.02m). There was an

extraordinary gain of £525,000, relating to the disposal of the

ready-mixed concrete interest in Fife. Earnings per 10p share 7.22p (4.25p). Interim dividend 1.6p

(L45p).
TATE & LYLE rights issue has been taken up in respect of 183.12m units of partly-paid stock

WARNER ESTATE Holdings

(property investment): Pre-tax profits £2.39m (£2.14m) for six

months to March 31 1988 on turnover of £6.34m (£5.91m). Interim dividend 2p (1.7p) and earnings 3.2p adjusted (2.88p) per 5p share.

Beazer, the UK construction and in Delaware, Beazer is trying to overturn Koppers' "poison pill"

Meanwhile, Beazer has sold a 14.9 per cent stake in BM Group, the building materials and industrial company. BM has grown dramatically since Beazer acquired control for just £4.5m in

Beazer has gradually been reducing its stake over the last three years; the sale of the ordinary shares and of 29.9 per cent of the convertible preference shares will raise about £24m. Shearson Lehman, the US invest-ment bank, is buying the shares to place with investors,

BY ANDREW TAYLOR, CONSTRUCTION CORRESPONDENT

John Laing, construction engi- rid stock exchange. The disposal

John Laing, construction engineer, yesterday announced details of proposals to build a 280,000 of frome park on part of its headquarters site at Page Street, Mill Hill, London.

The development, which will be let to outside tenants and sold to investment institutions, is expected to have a completed value of around £4m. Details of the scheme were announced to shareholders at Laing's annual meeting yesterday.

The company has, in the last few days, announced details of a joint venture with BAIL financial services group, to provide vehicle the management services to corporate customers. The venture, which starts with around 4,000 vehicles, is to be called Laing Fleet Services.

Laing is also developing the

meeting yesterday.

Laing also revealed the sale of former SBD site at Maple Cross, just under a third of its 25 per lectfordshire, where it has plancent stake in Europistas, a privately-owned Spanish motorway of offices. Construction is due to begin in September.

ent complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



Enterprise Oil plc

(incorporated with limited liability in England under the Companies Acts 1948 to 1981)

Placing of

£100,000,000

103/4 per cent. Unsecured Loan Stock 2013

at £97.083 per cent. payable in full on acceptance

The following have agreed to subscribe or, as agents of Enterprise Oil plc, to procure subscribers for the Stock-

> Barclays de Zoete Wedd S.G. Warburg Securities

Application has been made to the Council of The Stock Exchange in London for the Stock to be admitted to the Official List.

The gross redemption yield (calculated in accordance with the terms of the Listing Particulars dated 26th May, 1988) of the Stock is 11.097 per cent. Interest will be payable half yearly in arrear on 2nd June and Particulars of the Stock are available in the statistical services of Extel Financial Limited. Copies of the Useing Particulars may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, up to and including 31st May, 1968 from the Company Announcements Office of The Stock Exchange and up to and including 10th June, 1968 from —

Enterprise Oil plc, 5 Strand, London WC2N 5HU.

Hill Samuel Registrars Limited, 6 Greencoar Place, London SW1P 1PL

27th Non. 1989

All-round growth boosts Redland 42% to £185m

BY VANESSA HOULDER

· Publishin

er sale

W 25

- 1 manager 11. 70%

ice par

Redland, huilding materials profits increase of 37 per cent to group, yesterday announced a 42 \$25.4m. Other businesses contribused from the year to £185.1m for the year to cent. March 26. The result was scored Net cash generation from has been wholly undeserved the contribute of the year to contribute the colid earnings growth.

the US, Genstar Stone Products, in its first full year within the group, performed well above

comment

March 26. The result was scored on turnover up 38 per cent to 21.8bn.

Roofing operations reported a 27 per cent increase in profits to 27.5m. With the exception of Australia, demand and profit growth were strong in all major markets.

Profits from aggregates were up 48 per cent to £66.1m, followmarkets.

Profits from aggregates were up 45 per cent to £66.1m, following an excellent second half pering total of 15.85p, an increase of 22 pundits who helieve in the strength of the UK market. And, sification into the plasterboard market remains unabated. group, performed well above expectations.

Although these results were assuming pre-tax profits of fixed from the manager assuming pre-tax profits of fixed from the manager assector rating of 8.

> Some of the large institutional shareholders in Crowther have yet to decide which offer to

Robinson's share price fell by shares. Coloroll'e share price rose by 2p to 184p, while the Crowther shares rallied by 1p to 184p.

US group may raise stake in

Cadbury

General Cinema, the diversi-fied US cinema chain and soft drinks bottler which holds an 18.4 per cent stake in Cadbury 18.4 per cent stage in Canbury Schweppes, announced yester-day that it was prepared to pay np to \$1bn (£538m) for more shares. At Cadbury'e current share price of 377p - up 5p in heavy trading - this would enabla General Chema to buy more than 20 per cent more of the

than 20 per cent more of the UK confectioner and soft drinks group. The US group would however have to mount a full bid if it went above a 29.9 per cent stake in Cadbury.
Analysts in London said
they believed General Cinema
was trying to flush out a bidder for its stake rather than

having any intention of mounting a full bid. General Cinema disclosed its increased credit limit this ent to the week in an amendment to the US Securities and Exchange Commission when it confirmed an increased holding in Cadbury. It said: "General Cinema has purchased an additional 4.6m shares. It intends to pay for them with borowings under the multi-currency

It is understood that General Cinema has only drawn on \$10m of its credit facility, which has been increased from \$575m to \$1bm, but the shares bought this week for £16.3m have yet to be paid for.

Rowntree stresses value of brands

Rowntree's 1987 annual report was a sumptuous affair, plump with glossy photos displaying the company's famous portfolio of brands to their best advantage. It also contained a hald statement of corporate philosophy: "Rown-tree exists to market branded products to consumers through-out the world at a profit for its

The company's long-awaited defence docoment, posted to shareholders yesterday, picks up where the report and accounts left off. It aims to prove why Rowntree's brands are valuable and how the company's strategy, founded on their exploitation is designed to maximise profits. It also aims to demonstrate that Rowntree can achieve its potential without help from Nestlé or

The argument is huttressed with a forecast that Rowntree will make pre-tax profits of no less than £135m in the current year, 20 per cent more than the

Jacobs Suchard.

result achieved in 1987 and about level, the margin of 4.9 per cent resources to maximise the potential of its bands without Nestle, expectations. This is to be 13.7 per cent to be achieved in and is already capturing benefits achieved without cuts in advertible UK this year (up from 11.6 achieved without cuts in adverthe UK this year (up from 11.6 tising expenditure, which is proper cent), but the aim is "to ected to reach record levels. Key points in the document are Europe the success Rowntree has

long-term earnings, and will con-tinue to do so if backed by promotional expenditure. Rowntree cites the example of Smarties, Rolo, Kit Kat and Toffee Crisp, all of which have increased their share of the UK confectionery spent £400m over the past five market over the past five years years improving its manufactur-desplte the introduction of 10 ing facilities. Again it cites the new competing brands in that time. Kit Kat is still growing hours per tonne of confectionery strongly, 51 years after its produced have fallen by 45 per

repeat throughout continental hat: schleved in the UK", and to

Brands generate secure hecome Europe's number one

In line with an emphasis on Rowntree points out that it has spent £400m over the past five years improving its manufacturcent over the same period. Last •Rowntree's strategy for continental Europe is paying off improvement in productivity. "In after many years of investment our manufacturing strategy, we are planning for an increase in

trading profits in Europe up by this rate of improvement over the 39 per cent to £15.3m, on sales up from £300.4m to £312.7m. At this

Rowntree has the financial

turing high volume brands in dedicated plants. Nestle, the document contends, has lost market share in certain key brands in recent years, and needs Rowntree more than Rowntree needs it.

Sales are predicted to rise by 5 per cent to £1.295bn, earnings per share hy 15 per cent to 47p and the dividend by 19 per cent to margins are forecast to improve hy 13 per cent, from 9.4 to 10.6

per cent.
On the specific question of price, Rowntree says that Nes-tie's 890p a share offer, valuing the company at £2.1hn, does not represent the inherent value of the its unique portfolio of brands. "let alone their worth to Nestle" Mr Kenneth Dixon, Rowntree chairman, said that the same argument applied to Suchard's

Coloroll has 43% of Crowther

BY ALICE RAWSTHORN

Colorell, the home furnishings is advised by SG Warburg, had received acceptances for 6.2m concern, yesterday announced that it controls 43 per cent of John Crowther, the textile company for which it is fighting a bid battle with the Thomas Robinson

engineering group.

Robinson spent almost £2.5m yesterday in hnying 1.3m Crowther shares, thereby increasing its holding in the textile group to more than 4 per cent.

its equity. It already owns 149 per cent of Crowther's stock – the maximum permissible for an all-share bid - and has received incomplete acceptances for 934,506 shares, or nearly 1 per

The £217m Coloroli offer 12p to 387p yesterday following reaches its third closing date its purchase of 1.3m Crowther By the time the stock market tomorrow. Since the second clos-closed yesterday, Coloroll, which ing date, last Friday, it has

received acceptances for 32.4m shares (or for 7.1m including Crowther shares, or 27 per cent of incomplete acceptances) or more than 5 per cent of the group.

Enterprise plans to raise £170m

Enterprise Oil, the largest UK independent oil company, announced yesterday that it is to raise about £170m of loan finance

in London and the US.

The cash will be used to finance a series of development projects over the next five years.

The £100m unsecured loanstock to be issued in the UK will be repayable in 25 years. A private placement of \$125m (£67m) of Senior Notes with a 20-year maturity will be made among US

yield of 11.097 per cent.

North Sea developments, which are expected to double its oil and gas production to more than issue are Barclays de Zoete Wedd 100,000 barrels per day by the and SG Warburg, the merchant mid-1990s.

The placing of the UK 10.75 per March this year after a series of cent loan stock was completed manoeuvres to buy out the yesterday at an issue price of stakes of some of its partners in £37.083 per £100 of stock, giving a the block in which the field was discovered. As a result Enterprise Over the next five years, Enter-stands to get about 100m barrels prise plans to spend £470m on its of Nelson's estimated recoverable reserves of 150m-170m barrels.

The lead managers of the deb

About 40 per cent of the expen-diture will be on the Nelson field, prise, which had a net cash bal-which Enterprise discovered in ance of £130m at the end of 1987.

Reorganisation for J Jarvis

J Jarvis & Sons, building and property company, is being reorganised. A new bolding company, J Jarvis Holdings will be formed, of which the hallding and property divisions will be wholly-owned

Sharebolders are being asked to accept one share in the new company for each old share. Mr A.M.Gammage and Mr P.C.R.Rogers are joining the holding company board.

Finsbury keeps Rea stake BY CLARE PEARSON

THE INDEPENDENCE of Rea THE INDEPENDENCE of Rea Ruthers, recently in the balance, seemed assured yesterday when LIP dividend which Rea had fore-it emerged that holders of 35.9 cast last year. Finsbury said per cent of the voting capital keeping the cash in the business planned to hold on to their was a demonstration of faith in

ing as an independent bank," from £2.44m to £1.32m. said Sir John Hill, chairman. Finsbury said in Fe

At yesterday's annual meeting. the management's ability to

Finsbury Asset Management, restore profitability, which earlier this year The dividend had been in line announced it was reviewing its with forecasts made by Rea options, has told Rea's board it before last October's stock mar-will not be selling its shares. ket crash Rea's pre-tax profits in "This means we shall be continuthe year to end-December fell

and Sir John Hill, chairman. Finsbury said in February it.

Mr William Salomon, a director had appointed Phoenix Securiof Finsbury and the son of Rea's ties, the corporate finance subsidlate founder Sir Walter Salomon, fary of the Morgan Grenfell is joining the bank's board.

Marshalls Halifax advances 36%

A 21 per cent rise in turnover and figher, margins pushed pre-tax but total borrowings had only profits at Marshalls Halifax up 36 per cent from £9.65m to £13.12m for the year to end-March 1988. certed marketing effort had led to deducting £300,000 for the face of continuing strong compeemployee profit sharing scheme. tition.

Turnover for the Yorkshire-based concrete products company was £105.16m, against £86.58m for the 20.77p (15.22p). The directors have Mr David Marshall, chairman, (4.5p), making a total of 7.25p said the company had spent (6.25p).

DIVIDENDS ANNOUNCED

Date Corres - Total Total

	Current	of	ponding	for year	last year
	payment	balmene	ш	Acor	Acer
Airflowfin	4		2.75	5	3
Assoc. Fisheriesint	1		1	-	5
Carless Capelfin	1.75t	Aug 11	1.75	2.75	2.75
Castingsfin	3.6		2.75	5	8.75
Craubrook 5int	0.5	July 1		-	0.5
Dobson Park Indsint		Aug 15	1.9	-	5.21
Globe Inv. Trust fin		July 7	2.73	4.52	4.11
Hanover Drucefin	31	July 29	2.65	4.35	3.85
Hazlewood Foods fin		Oct 3	1.2	2.6	2.2
Irish Distillersint		July 26	2		7.65
Lep Groupfin	2.7†	July 15	2.25	3.9	3.25
Marshalls H'faxfin	5.25†	Oct 3	4.5	7.25	6.25
Marston Thompsonfin	2.05 -		1.77	2.9	2.55
Murray Tech Invfin	0.4	_	0.4	0.4	0.4
Parkland Textilefin	3.9	July 14	3.4	5.7	5
Plesseyfin	4.28		3.41	6.66	5.79A
RHPint	2.4t	July 14	2.2	-	5.8
Redlandfin		Oct 1	8.68	15.85	13
Scottish Inv.	1	July 20	0.87*		2.45*
Smart (J) & Coint	1.6	July 11	1.45	-	5.25
Warner Estateint	2		1.7	-	5.4
Whessoeint	1		nil		1
Wolv. & Dudleyint	2.15	-	1.82	•	5.85
Variation for	47		45	- 02	25

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue, tOn capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. «Third market. Firsh pence. »For 53 weeks.

Notice of Redemption

United Mexican States 181/2% Retractable Bonds Due 1997

NOTICE IS HEREBY GIVEN that in accordance with Condition 5(c) of the Terms and Conditions of the Bonds, the Issuer will redeem all of

the Bonds et their principal amount on the next interest payment date, 21st July, 1988, when interest on the Bonds will cease to accrue. Repayment of principal will be made upon presentation and surrender of the Bonds, with all unmatured coupons attached, at the offices of any of the Paying Agents listed below.

Banque Indosuez Belgique S.A. rue des Colonies 40 B-1000 Brussels

Bankers Trust GmbH Bockenheimer Landstrasse 39 6000 Frankfurt am Main

Banque indosues Luxembours 39 Allee Scheffer Luxembourg L-2520

Bankers Trust A.G. Dreikpenigstrasse 6 Benkers Trust Company Dashwood House 69 Old Broad Street London EC2P 2EE

Bankers Trust Company 12-14 Rond-Point des Champs Elysées 75386 Paris, Cedex 08

Swiss Bank Corporation CH-4002 Basic

Bunkers Trust Company

Four Albany Street

New York, New York 10015 CH-8022 Zurich Accrued interest due 21st July. 1988 will be paid in the normal m on or after that date against presentation of coupon No. 6.

Bankers Trust Bankers as Company, London 27th May, 1988



In 1985, we made our then biggest single unlisted investment in Caradon, already a major contender plugging gaps in the building services industry.

Today, that investment has appreciated almost 6 times. Unlisted investment is one of the areas in which Globe specialises with a portfolio worth over £100 million invested in such diverse activities as management buyouts, property developments and start-ups.

With assets of some £900 million, Globe has an extensive portfolio in the listed and unlisted sectors and we have discovered that nothing succeeds like success.

London WC2R 3BR. Telephone 01-836 7766. Please send me further information on Globe Investment Trust PLC. You should note that the value of your investment can go down as well as up and past performance is no guarantee of future performance.

To: Anne Rogers, Globe Group Services Limited, FREEPOST, Electra House, Temple Place,

PROFIT FOR YEAR TO 31 MARCH, 1988 -

TOTAL DIVIDEND FOR YEAR TO 31 MARCH, 1988 - UP 10%

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We're successful because we care

Our 1987 Annual Report is now available. It shows that we are one of the major medical insurance companies in the UK, with another successful year

- * Income rose to £ 182 million
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PPP has recently developed a mobile medical screening facility for corporate clients, and introduced a new occupational health service.

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To: The Enquiry Office, PPP, Tavistock House South, Tavistock Square, London WC1H 91J. Tel. 01-380-0967

Please send me a copy of the 1987 Report and Accounts

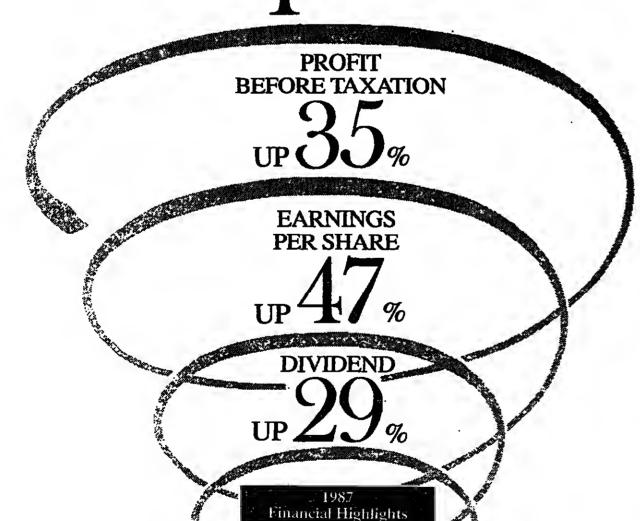
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1 am aged under 65 ☐ 1 am aged over 65 ☐

Private Patients Plan Limited A provident association for medical care

The Inchcape piral



The Group's significant strengths are spearheaded by our UK and Far East operations, with notable support from Europe and South East Asia.

Inchcape's market-leading companies include Mann Egerton, Toyota (GB), Bain Clarkson, Gray Mackenzie, the Assam and Borneo Companies plus other worldwide concerns covering our principal activities of services, resources and marketing

1986 Profit on ordinary £m activities before taxation 116.2 86.1 Earnings for ordinary shareholders 63,1 42.7 Earnings per ordinary 73.7p 50.2pDividends per ordinary share 21.0p 27.0p (net)

With a strong base of both local and international management, together with a clearly defined strategy. Inchcape is now well equipped to develop and prosper in the years ahead. George Turnbull

Chairman and Chief Executive

For a copy of our 1987 Report and Accounts, please write to Diana Le Lievre, Inchcape PLC, 40 St Mary Axe, London EC3A 8EU.

THE INTERNATIONAL SERVICES AND MARKETING GROUP

UK'S LARGEST INVESTMENT TRUST REPORTS LOWER ASSET VALUE

Globe hampered by dull dollar

Globe Investment Trust, Britain's largest investment increased its full year payout by trust, yesterday reported a 7.5 per cent to 4.52p. This composition for the year to end-March. But last October's stock market crash meant that for the first time in six years its net asset with a 8.5 per cent to 4.72p, and means that Globe is continuing to raise its dividend noticeably faster than the growth in the UK retail price index.

Mr David Hardy, chairman, said that aside from the major market correction of last October. Mr Hardy noted that over the dollar and the relative underpers formance of the US stock market. While the hulk of Globe's investments remain in the UK, the percentage declined from 8 per cent to 71 per cent over the year, with the North American content rising from 12 per cent to 72 per cent to 73 per cent to 74 per cent to 74 per cent to 75 per cent to 76 per cent to 77 per cent over the year, with the North American content rising from 12 per cent to 78 per cent to 79 per cent to 79

Globe was reasonably well placed shead of last October's crash, having fillen in cash, and has been slow to reinvest this money given that it believes that there is a bear market in place in London and New York, at least, Like many of its peers it has suffered from having too little of its money in Japan, but is sufficiently confident that the dollar is close in bottoming that it has been shifting money into the US currency, if not the stock market, Given its size, it is difficult for it to turn in anything other than an to turn in anything other than an

to turn in anything other tran an average performance for the investment trust sector. At 133p. Globe is standing at a 23 per cent discount to its current estimated net asset value of 174p. The main attraction is a yield of 4.5 per cent, which is almost 50 per cent about the sector.

W&D moves up 16% to £11m

Wolverhampton & Dudley Breweries, the regional brewer which
necessarily meant that more beer
trades under the Bank's and Hanson's banner, yesterday reported
pre-tax profits of £11.2m for the
proportion of customers being
half-year to March 27 an increase
was consumed. More food was
proportion of customers being
half-year to March 27 an increase
was consumed. Wolverhampton & Dudley
bullish yesterday about the

son's panner, yesterday reported pre-tax profits of £11.2m for the half-year to March 27, an increase of 16.4 per cent on the corresponding period last year.

The result, which included a £135,000 contribution from property disposals — less than half that of last year — was in line with City expectations.

Earnings per share were up by 16.7 per cent to 11.2p with the interim dividend, up 18.1 per cent to 2.15p, reflecting the board's confidence in its business.

Mr David Thompson, managing director, said that volumes of the little acquired or director, said that volumes of the little acquired or director, said that volumes of the little acquired or director, said that volumes of the little with a higher proportion of customers being women.

Wolverhampton & Dudley was builts a lighter proportion of customers being women.

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Wines and spirits, he said, a "significant increase in profit contribution. Gaming machines, said Mr
Thompson, had done very well, in the Midlands.

Mr Thompson said the economic recovery in the trading in additional increase in trade. Britain's regional hrewers reputations on ales so that the proportion of customers being women.

Wolverhampton & Dudley was builts a light was exignificant increase in profit contribution of the work Midlands areas, with increase in the west Midlands areas, with increase.

With a "significant in the West Midlands areas, with increase in the light was proportion of the contribution of its trading areas, with increase in the west. Midlands areas, with increase in consultant increase development, making it eases to national increase in the consciplination of lager has weakened sumption of lager has weakene full year pre-tax profits of about \$26m putting the shares, up 3p yesterday to 402p, on a prospective p/e of 15.

of free trade hits Young

above the sector.

Young and Co. South London brewer, reported pre-tax profits of \$2.59m for the year to March 31 1988 compared with \$3.50m for the previous year, writes Lisz Wood.

Reconstruction

Wood.
Turnover amounted to £42.8m (£40.9m). Gains on sales of property totalled £126.270 compared with a £11,296 loss last year. Costs involved in the reconstruction of the group's free trade amounted to £209.273 and were taken above the line. The move was taken, the directors said, to enable the group to "cope better in this highly competitive market".

ket".

A final dividend of 4.7p is proposed making a total of 9.2p (8.5p). Earnings per share were 17.2q against 17.1p last time.

The directors said profits had been maintained through an increase in retail profits but depressed by a fall in beer volume. Spending on repairs and improvements to property were more than last year but viewed as an investment in the future.

Approach may lead to bid for Jersey General Inv

A BID MAY be on the way for for Jersey residents, and has its Jersey General Investment own investment manager. Yester-Trust, a £49m St Helier-based day it said there were still about fund. The company announced 18,000 individual shareholders, yesterday that it had received an predominantly Jersey residents,

elaborate on the statement, beyond saying that a further announcement would be made in due course and advising share-holders to take no action at pres-ent. Shares in the little-traded October.

1931 as a investment trust vehicle the US, 17 per cent.

approach which may or may not lead to an offer being made.

Neither the company nor its adviser, Lazard Brothers, would shares.

Accounting for about 80 per cent of the shares. There are no disclosed stakes in the ordinary shares.

beyond saying that a further announcement would be made in due course and advising share-holders to take no action at present. Shares in the little-traded trust remained steady at 430p. They have dropped back from a peak of 580p at the beginning of October.

Recent figures from the company showed net assets per ordinary share of 489p as at end-April, although the current Datastream estimate is slightly lower at 487.5p suggesting a current discount of about 13.4 per cent. At end-April, UK investiments accounted for about 53 per ments accounted for about 63 per Jersey General was set up in cent of the equity portfolio a

LEP at £11m and plans gearing cut

LEP Group, freight forwarding, always have low margins and property and security group, high volumes, says the company, increased profits by 25 per cent to but world-wide expansion processing the service offered. LEP also 2939m and earnings per share hopes to move its successful were up 23 per cent to 7.4p (6p). Swift distribution concern into The company is negotiating a Europe. Meanwhile, the property complex deal to raise a £40m cash division is looking increasingly surplus on LEP House in London, valuable: rental of LEP House at

surplus on LEP House in London, valuable: rental of LEP House at its recently completed riverside property near St Paul's Cathedral This should reduce net gearing from 80 per cent at the yearing from 80 per cent at the yearing from 80 per cent at the yearing from 80 per cent at the year NGC is approved—which is end to 20 per cent. The deal will probably a formality—LEP company, which will use the office block as security for the issue of a seven-year bond.

LEP also intends to acquire the balance of shares in National Guardian Corporation (NGC), a US security services company in which it already holds 40.6 per good value compared with previous put to LEP shareholders at the annual meeting in July.

annual meeting in July.

In 1987 the company lost more than \$2m on its Austrian freight forwarding business and included rationalisation costs of £5.11m as an extraordinary loss.

Freight forwarding accounts for the bulk of group turnover. Mr John Reed, chairman, said the company intended to use comput-ers to improve margins in the business. The US freight forwarding operation was boosted by the acquisition of 56 per cent of Profit Systems (PSI). LEP sald Swift Transport Ser-

vices, which distributes industrial components in the UK,

Authorised

£1,035,000

mainly to the automotive industry, also performed well.

Profits at LEP industrial Holdings, the diversified distribution subsidiary, were cut by some £500,000, representing the cost of integrating two previously independent businesses.

An increased final dividend of

2.7p is recommended, making 3.9p (3.25p) for the year.

comment

LEP has developed a wide divisional spread, from property to security services, via industrial component distribution. The core freight forwarding business will

Pub sales help Marston to £12.9m

Marston, Thompson & Evershed, roughly in line with the market the Burton-on-Trent brewer of However Marston's Pedigree con-Pedigree bitter, reported pre-tax timed to gain market shere. Low profits of £129m for the year to "C", the company's low carbohymarch 26 1988 compared with fill-am the previous year, writes Marston said it would concentrate the previous year, writes the previous year.

Lisa Wood.

This increase was assisted by a behind these two brands.

E611,000 (£332,000) profit on the Marston said sales to the free

trade were down, partly because The board proposed a final dividend of 2.05p making a total of 2.25p (2.55p). Earnings per ahare worked through at 7.74p (8.32p).

Marston said sales of lager increased but ale sales fell transport to maintain or even gain market share.

This advantsement is issued in compliance with the requirements of the Council of The Stock Exchange, it does not constitute an invitation to any person to subscribe for or purchase any securities.

CLF Holdings PLC
(Registered in England No. 1475438)

Rights Issue of 22,601,365

Convertible Cumulative Redaemable Preference shares of 50p each at £1 per share (having attached thereto the right to a fixed annual dividend of 6.28p (net) per share) ("Convertible Preference Shares")

This advertisement appears in connection with the rights issue of 22,601,365 Convertible Preference Shares by CLF Holdings PLC. The Convertible Preference Shares have been admitted to the Official List by the Council of The Stock Exchange.

Copies of the listing particulars relating to CLF Holdings PLC and the Convertible Preference Shares are available in the statistical services maintained by Extel Statistical Services. Copies of the listing particulars may also be obtained chring copies to the using particulars may also be obtained chring normal business hours on any weekday (Saturdays and public holidays excepted) from the Company Amouncements Office of The Stock Exchange up to and including 1st June, 1988 and up to and including 16th June, 1988 from:

CLF Holdings PLC
The Quadrant
4 Clifton Street London EC2A 4BT

CL-Alexanders Laing &

N M Rothschild & Sons Limited **New Court** St. Swithin's Lane
London EC4P 4DU

de Zoete & Bevan Limited

Ebbgate House 2 Swan Lane

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Southnews plc is a publisher of paid-for and free local newspapers and currently publishes 16 weekly titles in South East England.

Placing by Hill Samuel & Co. Limited

of 3,125,000 Ordinary shares of 5p each at 160p per share Share Capital

Ordinary shares of 5p each

Issued and to be issued fully paid

Hill Senuel & Co. Limited has arranged for 75 per cent. of the Ordinary shares made available to the Placing to be placed by Country NatWest Wood Mackenzie & Co. Limited with its clients and the remarking 25 per cent. of such Ordinary shares have been allocated to Panuture Gordon & Co. Limited for distribution to its clients.

Full particulars of the Company are available through the Eunei University Securities Market Service and copies stay be obtained during formal business hours on may weekshy (Saturdays and bank holidays excepted) up to and techniting likk June, 1988, from.

County NatWest Wood Mackenzie & Co. Limited

County NatWest Wood Servet

October 87 Co. Limited

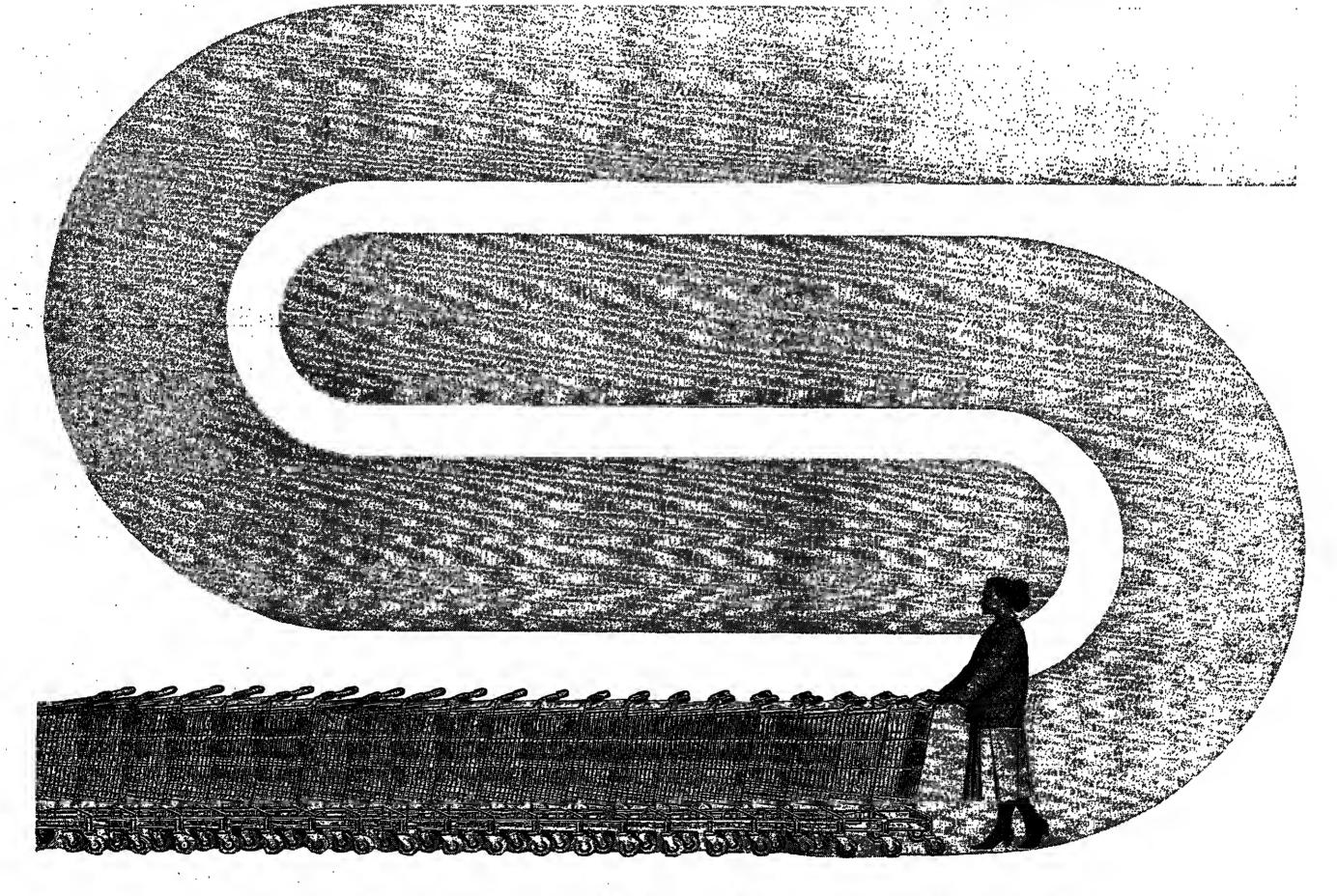
Parameter Gordon & Co. Limited

October 1988 Co. Limited 90-91 Wood Street London EC2P 2A

9 Moorheids Highwalk London ECZY ODS ness hours on 31st May and 1st June, 1988, from the Computer Are 46-50 Finabury Square, London EC2A 1DD.

27th May, 1988

SUPER MARKETING BY BRITISH STEEL



As you push your hard-wearing British steel trolley past shelves full of lightweight British steel cans, you may reflect that steel is just about everywhere.

And very much taken for granted.

Now there's little future in being taken for granted. So instead, we go out and sell.

In an industry as competitive as ours, this requires more than a caseful of samples.

It even requires more than large quantities of

high-quality steel, backed by full customer service.

It requires the development of the markets themselves, at home and abroad.

So we've put a lot of effort and resources into our marketing activities to back up our salesforce.

But their main weapons, of course, are the products themselves. Such as coated steels for domestic appliances, high-strength steels for the oil and gas industries, lighter steels for making cars, lovelier steels for cladding buildings.

Manufacturing such a wide range of tough and precise steels has helped to make our business strong.

So has reducing costs and increasing productivity.

We exceeded last year's £178 million profit in the first half of this year.

To any remaining doubters, British Steel's performance demonstrates one thing for sure:

We haven't been left on the shelf.

This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an invitation to the public to subscribe for or purchase any securities of Royal Insurance Holdings plc.



Royal Insurance Holdings plc

(Incorporated in England and Wates under the Companies Act 1985, Registered Number 2221960)

Issue of 476,614,655 shares of 25p each pursuant to a Scheme of Arrangement dated 28th March, 1988 under Section 425 of the Companies Act 1985 between Royal Insurance Public Limited Company and the holders of Royal Insurance Shares (as defined in such Scheme).

The Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited has admitted the whole of the issued share capital of Royal Insurance Holdings plc to the Official List.

Listing Particulars are available in the Extel Statistical Services and copies of the Listing Particulars may be obtained during usual business hours on any week day (except Saturdays and public holidays) up to and including 10th June, 1988 from:

> Royal Insurance Holdings plc, 1 Cornhill, London EC3V 3OR

Hoare Govett Corporate Finance Limited, 4 Broadgate,

London EC2M 7LE

Copies of the Listing Particulars will also be available until 1st June, 1988, for collection only, from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD.

27th May, 1988

JOHNSTON GROUP PLC

Road maintenance specialists, mechanical and hydraulic engineers, civil engineers, builders and property developers, concrete and g.r.p. pipe manufacturers and roadstone suppliers

The following are extracts from the Chairman's Statement and review of operations included in the 1987 Report and Accounts and should be read in the context of it.

- * Record results achieved in a year of consolidation.
- Increased dividend covered more than four times by earnings.
- * Well placed for future expansion with a record capital expenditure programme.

Financial highlights	7821 000 2	1986 £000	1985 £000
Turnover	79,478	74,806	62,092
Profit before tax	7,288	6,940	5,546
Dividend per ordinary share	10.0p	9. 0 p	7.5p
Net asset value per ordinary share	321.7p	304.7p	273.0p

Copies of the Annual Report and Accounts may be obtained from the Secretary, Johnston House, Hatchlands Road, Redhill, Surrey RH1 1BG

Hazlewood rises 81% boosted by acquisitions

low food manufacturer, in which it has built a 3.2 per cent stake. The statement, which accompanied an 81 per cent jump in preliminary pre-tax profits to \$33.82m (£18.65m), caused Hazlewood's share price to jump 3p to 230p, while Northern's fell 8p to

final dividend is 1.475p (1.2p),

his food company, Avana, last profit, year after Northern sold a key The stake to Ranks Hovis McDougali proble before Mr Randall came on

in its statement, Hazlewood said that "price expectations in the food sector of the stock mar-ket became inflated by the events surrounding the Nestlé bid for Rowntree. Hazlewood would not make an acquisition on terms which would impair its future earnings per share growth".

Parkland Textile (Holdings),

Bradford-based wool taxtila group, yesterday announced a 50 per cent rise in pre-tax profits to \$2.4m for its last financial year

on sales which rose by 12 per

director, said that the growth in profits reflected a good perfor-mance in every area following

the group's reorganisation and its policy of concentrating on higher quality products.

Earnings per share rose to 20.5p (15.4p) in the year to March

4. The directors propose a final

dividend of 3.9p making 5.7p (5p)

for the year. Parkland emerged as one of the

survivors of the slump which ravaged the Yorkshire wool

industry in the early 1980s, but for several years it suffered from

sluggish profits.

A young management team led

by Mr Hanson and his brother,

The yarn division benefited from a strong performance from Knoll Spinning, which has just

programme, and saw sales rise to £18.5m (£17.5m). Parkland has

Mr John Hanson, managing

cent to £59.7m.

Hazlewood Foods said yesterday that it had no intention of bidding "in the present circumstances" for Northern Foods, fellower the past five years. In the year just reported, to March 31

1986, earnings grew 34 per cent to 12.9p (9.6p).

Hazlewood's growth has been fuelled by a large number of small acquisitions in niche food businesses. In the last year, it spent some £50m on acquisitions 284p. and £21m on capital expenditure. Turnover was 91 per cent. Acquisitions contributed £6.9m of higher at £381.4m (£189.2m). The the £15.2m increase in pre-tax and £21m on capital expenditure. profits and £68m of the £172m

speculation that Hazlewood might bid for Northern was encouraged by the recent appointment to the board of Mr John Randall, who lost control of the £172m rise in turnover.

Since 1984, Hazlewood has made several acquisitions in Europe and overseas businesses now contribute about £55m to the £172m rise in turnover.

The company's only significant problem area was pickles where competitive pressures caused But Mr Dennis Jones, Hazle competitive pressures caused wood's finance director, said that margins to be squeezed and led to the company had been looking at a film shortfall in profits. How Northern for several months ever. Mr Jooes said the pickles performance was outweighed by strong growth in other areas.

comment

Restructuring helps lift

Parkland 50% to £2.4m

cor, took control of the company recent investment should come early last year. The husiness has to fruition this year. The prossince been restructured by pects for the wool price are a improving financial controls and disposing of unwanted by the concern as is the concern as it is the concern

plant.

Fahrics sales increased to E24.5m (£21.9m). A new printing and finishing plant came on stream six months ago. Mr Hanson said that it had mitigated the potential problem of the rise in the wool price by weaving lighter weight clother.

potential problem of the rise in ommended from earnings of the wool price by weaving lighter 17.33p (12.67p) per 10p share, weight cloths and blends. making a total of 5p (3.75p).

BOARD MEETINGS

Haziewood's corporate formula, boying small companies and giving them marketing and distribu tion cloot, has been so successful that investors are likely to be relieved that it has put at least a

The reorganisation of the cloth

ing companies is not yet com-pleted, but Maitland Menswear benefited from the buoyancy of

the men's suits market and sales

rose to £16.2m (£13.6m).

Mr Hanson said that the present year had "begun well" with "very healthy" order books.

Parkland, once the archetype

of a sleepy Yorkshire woollen mill, has found a new lease of life

in the hands of its young man-agement team. The strategy of

tightening financial controls and

steering products upmarket has

worked well so far. Some of the

improvement in last year's profits must, inevitably, have come from weeding out the past weaknesses. But there is also evidence

that Parkland has gained ground

within the marketplace. There is not only scope for further

cause for concern, as is the com-pany's ability to continue to buck the downward trend within knit-

wear. Yet the City expects profits of £2.7m this year which leaves the shares, on a prospective p/e

Castings up 46%

John Randall: recent

temporary halt to its bid ambitions for Northern. A contested bid would probably just distract Hazlewood from exploiting the growth potential already within the group. There are plenty of opportunities for the company in Burgos, and in the fresh and chil.

Suggest a suggest of the suggest o temporary halt to its bid ambi-Europe, and in the fresh and chil-led foods sectors. And the group is sufficiently diversified that it can surmount the problems of individual products, as happened with pickles last year. Assuming £45m pre-tax this year, the shares. at 230p are on a prospective p/e of around 14.5, which seems a fair rating in the light of the com-

A J Archer downturn

Reduced pre-tax profits of £144,000 were reported by A J Archer Holdings, Lloyds insurance underwriting agent, for the six months ended March 31 1988. The previous figure was £284,000, but directors said the lower profits were in line with the fores made at the time of flotation in February.

The decline arises from increased operating expenses and interest charges associated with the reorganisation from partner ship to a public company, and with the flotation.

with the flotation.

Earnings for the period fell from 0.8p to 0.4p. For the full year the directors intend to recommend a single 4p dividend.

The group is setting up two new syndicates — an aviation loss syndicate, expected to start the single of the property of the syndicate in the syndicate is a marine.

business on July I, and a marine excess of loss syndicate planned to start on January 1 1989.

Electronic purchases spark Dobson Park to £9.1m at halfway

Dobson Park's first half closed on April 2, shortly after the fall-ure of its 23m takeover bid for MS International, another diver-

sified mining equipment manu-facturer. This resulted in a 2625,000 extraordinary debit Although it still owns 28.5 per cent of MS, Dobson Park does not plan to include this proportion of MS profits in its own pre-tax

Most parts of the group had sound order books, Dobson Park said. It expected full-year trading

that in the first.

By division, operating profit came from mining equipment £4.07m (4.03m), industrial electronics £1.68m (£708,000), power transcriptions of £1.68m (£708,000), power transcriptions £1.68m (£708,000), power and tools £1.27m (£889,000), toys and plastics £545,000 (£894,000), property and investment management £1.07m (£63,000), and other engineering nil (£24,000 loss).

Much of the gain from electronics came from the inclusion of IRD Mechanalysis and Revere Corporation, two US companies which joined the group in Februwhich joined the group in Fig. 2. The ary and July 1987 respectively.

Thruover rose to £111.5m (£99.8m) and net interest receivable to £479,000 (£173,000). The

A BRACE of industrial electronics acquisitions helped Dubson 34 per cent from 37 per cent in 34 per cent from 37 per cent in the comparable half, and 36 per ment and engineering group, to increase interim pre-tax profits by 28 per cent to £9.1m.

Debend Port's first half closed dividend is unchanged at 1.9p.

comment

Dobson Park did well to achieve a small rise on the mining side despite the weakness of the world market. As in other divisions, however, it remains to be seen how much of this has been pulled forward from the second half. Certainly, there are ond half. Certainty, there are unlikely to be any more material property sales this year. Toys, on the other hand, suffered from comparison with a bumper result in the comparable half, although these here are a waveling weak. there has been a worrying weak-ness in demand for the Britains ness in demand for the Britains range of farm toys. Assuming full-year pre-tax profits of £17m, the shares stand on a prospective p/e of just under 9. Taking the precedent of English China Clays' treatment of its Bryant stake and CH Industrials' intention for its helding in Managnese tion for its holding in Manganese Bronze, Dobson Park could justifiably raise this by np to firm through equity accounting for MS. However, since Dobson Park cast doubt on MS's ability to sustain these profits, its caution is appropriate. Eventually the group will have to pursue MS or a similar target. In the meantine, the primary attraction is a prospective yield of 7.2 per cent.

Airflow Streamlines up 55% to £2.57m

Airflow Streemlines is confident

is proposed, for a total of 5p (Sp) on earnings per share of 18.54p

(11.95p).
Airliow, which makes assemblies and pressings for the automobile industry, is also a Ford main dealer. It is confident of benefits from increased UK vehicle manufacturing and con-timed high demand for new Ford

Scottish Invest shows improvement

Net asset value of Scottish Airflow Streamlines is confident about prospects for the present financial year after reporting pre-tax profits up 55 per cent in the 12 months to February 29 1988.

The taxable result rose from 21.66m to £2.57m on turnover ahead 20 per cent to £49.4m (£41.31m). A final dividend of 4p is proposed for a total of 5n (3n)

1800

The interim dividend is lifted from an adjusted 0.87p to 1p, payable from earnings ahead from 0.97p to 1.14p.

Gross revenue, which benefited from significant increases in divi-dends both in the UK and US. rose to 17.35m (26.32m). Pre-tax revenue amounted to 14.21m



Egoli Consolidated Mines

Limited

Company registration number 68/15717/06 (Incorporated in the Republic of South Africa)

Declaration of dividend

Notice is hereby given that a final dividend, being dividend No 15 of 7.5 cents per ordinary share, has been declared for the year ended 31 March 1988 for all ordinary shareholders registered in the books of the company at the close of business on Friday, 10 June 1988.

The register of members and transfer registers will be closed from 11 June 1988 to 19 June 1988, both days inclusive.

Dividend cheques will be posted on or about 29 June 1988. Non-resident shareholders tax will be deducted at the rate of 15% from the dividends payable to members whose addresses in the register of members are outside the Republic of South Africa.

By order of the board

Investments & Technical Management Limited

per L W Helen

27 May 1988

Registered office 31st Floor Trust Bank Centre 56 Boff Street (corner Fox Street) (PO Box 1124 Johannesburg, 2000) Republic of South Africa Unidev Registrars Limited 6th Floor Landmark Building Johannesburg, 2001 (PO Box 1053 Johannesburg, 2000) Republic of South Africa

Hill Semuel Registrars Limited 6 Greencoat Place, London

More recently the company has purchased Ames Crosta Babcock, another well known British sewage and water

industry, Biwater is also one of the most

further growth and future successes. Behind the fish lies a year in which its presence has been highly visible, particularly in the Far East, Middle East,

treatment plant contractor. Added to that is the success of Biwater Supply's bid for

And it is no accident that Biwater has achieved a pretax profit in 1987 of £8 million on a turnover of £136 million, which represents an increase in profits of 59%. Biwater - continuing to move upstreamt



INTERNATIONAL CAPITAL MARKETS

The Financial Times proposes to publish a Survey on the above on

27TH JUNE 1988

For a full editorial synopsis and advertisement details, please contact:

DAVID REED

on 01-248-8000 ext 3461 or write to him at:

Bracken House, 10 Camon Street London EC4P 4BY.

FINANCIAL TIMES



As one of the most prominent British companies in the international water The symbolic fish, which epitomises life

in water, is pointing upstream, pointing to

Africa and South America.

East Worcestershire Waterworks Company.





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UK COMPANY NEWS

Carless disappoints City with 80% jump to £6.8m

Carless Capel & Leonard, independent oil company, yesterday earnings are expected to show announced profits of £6.8m for steady progress following the thing of an oddity among the oil the year to March 31 1988, an rationalisation of recent acquisitions and with organic growth.

23.8m before tax and exceptional item scored in the previous year. The company plans to change item scored in the previous year is name to Carless to strengthen in both directions. Its search for small downstream acquisitions—last year it bought three for about £12m—should continue.

view of the adverse inclus that have affected the oil industry in general, including the continued instability in crude oil prices, a depreciating dollar, eroded margins and a mild winter.

The recommended final diviage of North Sea assets is dend is maintained at 1.75p per reflected in its share price, which share, making an unchanged total of 2.75p.

The company views the future with optimism, said Mr Chibb. The unstream activities have considerably increased the reserve base which should be reflected in explanation and production com-

its mame to Carless to strengthen to £125.7m. The share of profits from its associate company Century the lower end of City expectations and the shares dropped 3p to 128p.

Mr Ian Chubb, chief executive, said there had been significant progress and improved profitability during the year. The results were all the more pleasing in view of the adverse factors that have affected the oil industry in the first state. The results have affected the oil industry in the state of carbox strengthen to strengthen to strengthen the strengthen to profits to strengthen the strengthen to profits to strengthen the strengthen to profits from its about £12m — should continue. And following its enforced exit from Century Power and Light — a disappointment tempered by the handsome return it made on the handsome return it made on its investment — Carless is hoping to pick up some North Sea assets. Mr Clubb, however, is insistent that he will not pay the "crazy" prices bandled around at present and as such it may fall back on licence applications and

At the year-end, the UK proven "craxy" prices bandled around at and probable net oil and gas present and as such it may fall reserves rose 47 per cent to 32.3m back on licence applications and

comment

Prowting offer 20 times subscribed

By Philip Coggan

THE offer-for-sale in Prowting, the building group, was about 20 times subscribed, making it 20 times subscribed, making it the most successful flotation so far this year. Lazards received applications for 241m shares, worth about 2400m at the offer price of 165p.

ASW Holdings, the steel company, was also marginally oversubscribed — applications were received for 38.7m shares against the 25 7m on offer.

as against the 26.7m on offer. as against the 26.7m on offer.
Priority applications from
Prowting employees will be
allotted in full. The basis of
allocation for the remainder is
as follows: those who applied
for between 200 and 1,000
shares will go into a weighted
ballot for 200 shares; 2,0009,000 shares — a weighted ballot for 500 shares; 10,000100,000 — 6 per cent, up to a
maximum of 5,500 shares;
110,000-300,000 — 5 per cent; 110,000-800,000 - 5 per cent, up to a maximum of 13,000 shares; more than 300,000 - 4 per cent, subject to a maxi-mum of 60,000.

of the group - UK and non-US international construction - had ASW employees will also have their applications allotted in full. The basis of allocashown a combined improvement forecasts for the current year are of £5.3m on the previous year.

Operating profits in UK contaction rose to £5.97m (£3.89m).

Eden Construction had an "excel-Nigeria, Cairo and various other tion for other applications is as follows: up to 1,000 shares — allotted in full; 1,500 shares Eden Construction had an "excel-lent" year, although the perfor-mance of Lilley Construction,

- 1,200 allotted; 2,000 shares - 1,400 allotted; 2,500 shares and over - 66.1 per cent of which suffered most from public-which puts the shares on a p/e of ity about the group's problems, about 6.5. those applied for.

Irish Distillers up 37% to I£7.8m

An increase in interim pre-tax profits of 37 per cent at Irish Dis-tillers Group reflected the benefits of last year's cost cutting operation, the company said. For the six months to March 31 prof-its increased from 1£5.73m to 1£7.84m (£6.6m).

Turnover was up at £126.72m £117.81m) resulting mainly from an increase in exports, which was offset by a decline in the home market. Earnings per share came nnt at 9.89p (7.11p) and the interim dividend is being ncreased to 2.2p (2p).

come for the year.

Restructuring sparks recovery at Whessoe

uring package appears to be paying off at Whessoe. In the six months to March 26, the engi neering group achieved pre-tax profits of £760,000 against a loss

(£40.02m). Earnings per share were 2.9p against a loss of 19.8p. The results were in line with were 2.9p against a loss of 19.8p. the company's budgets and the The group is returning to the board expected a satisfactory out interim dividend list with a payment of 10 ment of 1p.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange, it does not constitute an invitation to any Council of The Stock Exchange, it does not constitute an invitation to any person to subscribe for or purchase any shares. Application has been made to the Council of The Stock Exchange for the grant of permission to dust in the Unfisted Securities Market in the undermentioned securities of the Company. The Company's Ordinary Shares are currently quoted on the Third Market, it is emphasized that no application has been made for these securities to be admitted to the Official List of The Stock Exchange. Deslings are expected to commence on 2nd June, 1903.

CORTON BEACH PLC

INTRODUCTION TO THE UNLISTED **SECURITIES MARKET ARRANGED BY BROWN, SHIPLEY & CO. LIMITED**

SHARE CAPITAL

5,912,111.00 59,121,110 Ordinary Shares 3,287,256.50 32,672,565 of 10p sech The Company is a holding company for a group that comprises three autonomous trading divisions—Foods, Automotive and Leisure; the Company also has interests in textiles through his holding of 56 per cent. of the issued share capital of Propeller PLC, whose chares are quoted on the Third Market.

Particulars of the Company have been circulated in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained from the Company Announcements Office of The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD until 1st June, 1988 and, during normal business hours on any weekday (Seturdays excepted) up to and including 10th June, 1989, from: BROWN, SHIPLEY & CO. LIMITED, HESELTINE, MOSS & CO., Founders Court, (A member firm of Brown Shipley Stockbroking Limited), London EC2R 7HE 111 Foster Lano, London EC2V 6HH

27th May, 1988

USM quote for Southnews

Soutimews, publisher of paid-for free, with a combined average finance director of Southnews

the Unlisted Securities Market three main areas — west London, there have been a number of via a placing valuing the company at £24.25m.

Hill Samuel is placing 3.13m shares, representing 20.6 per cent of the enlarged equity, at 160p. 1240. All the titles are contract printed and the group employs a shareholders are selling shareholders are placing 1.04m shares and the balance — 1.69m new shares — will raise £2.4m for division of Westminster Press.

The £2.4m raised for the company will be used to finance the buy-in and to used to finance the buy-in and to see the series, was founded in used to finance the buy-in and to used to finance the buy-in and to used to finance the buy-in acquisitions.

In 1984 the business made a pre-tax loss of £11,060. This shares and the balance — 1.69m division of Westminster Press.

The buy-in was led by Mr David the shares on an bistoric ple ratio

thich Imed

the company.

The buy-in was led by Mr David the shares on an historic ple ratio
Southnews publishes 16 weekly Platt and Mr Gareth Clark, prestitles — seven paid-for and nine ent managing director and of 14.7 per cent.

and free local newspapers in the circulation of 710,000 copies a respectively. Since 1988, the origi-south-east of England, is joining week. They are concentrated in nal business has expanded and the Unlisted Securities Market three main areas — west London, there have been a number of

Clyde. Speculation surrounding the possible sale of the 27.7 per cent stake belonging to London

Assoc Fisheries falls to £2.2m

food processing and trading rose year.

PRE-TAX profits at Associated strongly from £415,000 to £791,000 Investment income in the lat-

FRE-TAX profits at Associated strongly from £415,000 to £731,000 investment income in the laterial flower at cold storage group, fell 26 per £80,000 profit against a £391,000 £575,000 £1.81m). The interimination in the six months to March loss previously. Cold storage, dividend is being held at 1p on transport and warehousing, however, made £742,000, down from £51.86m to ever, made £742,000, down from £1.16m.

Checking profit however rose. The comments expects operate. Operating profit, however, rose The company expects operate end is to be changed to a calen-28 per cent from £1.81m to ing results to continue to dar year basis from 1989. The cur-£2.32m. The contribution from improve during the rest of the rent year will cover the 15

months to December 31 1988.

Property division lifts Hanover Druce

Hanover Druce, estates agency and property-related financial revealed a 24 per cent expansion to £1.81m in pre-tax profits for the year to February 29.

The property division made a useful contribution, the directors said with profits of directors said, with profits of £420,000 (£68,000) erising from joint ventures with clients of the estate agency.

Turnover rose 41 per cent from £12.86m to £16.09m. Karnings per 10p share were 14.3p (15.7p) and the proposed final dividend is lifted to 3p for a total of 4.35p (3.85p). An extraordinary charge of £51,000 related to professional fees incurred no abortive acquisitions.

US withdrawal helps

Lilley achieve £2.2m

FIC Lilley, Scottish construction was only "satisfactory."
group, achieved £2.2m before tax International construction

in the year to the end of January turned in a £1.77m (£1.48m) when it closed most of the US profit. Lilley Construction Interpretations which had plunged it national made good progress in £50m into the red in the previous Hong Kong, where it is a member

twelve months. Turnover was of the consortium for the Eastern down from £331.2m to £249.5m. Harbour Crossing tunnel project.

fil 2m negative to £9.2m positive.
Earnings per share rose to 8.3p, from a negative 51.5p.

There is no dividend payment, but a capital restructuring is proposed which involves halving the nominal value of the shares figures. "Now is the time to look which will transfer about £10m to the mofit and loss account.

There is no dividend payment, but a close, notes company doctor Lewis Robertson in the lengthy and detailed account of his treatment which accompanies these figures. "Now is the time to look forward to the positive factors," he nutes, lingering over the growth prospects in sight for the

comment

With these results the unhappy chapter of FJC Lilley's involve-ment in the US is almost brought

growth prospects in sight for the high calibre UK operations and

the benefits that should accrue

from introducing the company

structure. The next year or so will be mainly about using the

flow of money recovered from claims to provide a breathing space for the UK companies. But, though this may be fascinating

business for Mr Robertson, it is

not likely to generate a great deal

of interest in the shares. Profits

places. However, a conservative view would be £6m pre-tax

Disposals and the recovery of claims allowed net borrowings to fall from £47.7m to £12.1m. Net

current assets turned round from £12.2m negative to £9.2m positive.

from the US, which will be completed this year, was taken as a £11.5m (£3.9m) extraordinary

charge. A £1.1m (£39.7m) exceptional item was mainly the writ-

iary's contract in Cairo. Mr Lewis Robertson, chairman,

said: "It is noteworthy and encouraging" that businesses

identified as continuing elements

Last year's substantial restructof £5.36m last time.

Mr George Duncan, chairman, said the results sustained the recovery shown in last year's second half. However, profits were held back by additional provilow levels of activity in pipework operations.

Turnover rose to £46.74m

NOTICE TO BANK CUSTOMERS

The High Street banks listed below and their credit card organisations are to apply new arrangements designed to help prevent additional credit being given to people who are unable to repay their existing borrowings.

The banks will supply to certain credit reference agencies information about debts, normally up to £5,000, which are in default, where no security has been given and on which no satisfactory response has been received from the customer within 28 days of formal demand for repayment.

The new arrangements, which will come into operation during the next three months, will apply to that very small minority of borrowers who are in default and will not affect the overwhelming majority of banks' customers.

Bank of Scotland Lloyds Bank National Westmünster Bank Standard Chartered Benk TSB England and Wates
TSB Scotland

The Royal Bank of

27th May 1988

All these Notes having been sold, this announcement appears as a matter of record only



Guaranteed by the Commonwealth of Australia

A\$60,000,000 121/4 per cent. Notes due 1995

ANZ Merchant Bank Limited

Algemene Bank Nederland N.V. **Banque Paribas Capital Markets Limited** Hambros Bank Limited

Bayerische Landesbank Girozentrale County NatWest Limited Fay, Richwhite (U.K.) Limited McCaughan Dyson Capel Cure Limited National Australia Bank Ltd. Nomura International Limited **SBCI Swiss Bank Corporation** Investment banking

Union Bank of Switzerland

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Vereins- und Westbank Aktiengesellschaft

Yamaichi International (Europe) Limited

May 1988

All these Notes having been sold, this announcement appears as a matter of record only



Guaranteed by the Commonwealth of Australia

A\$65,000,000 12% per cent. Notes due 1993

ANZ Merchant Bank Limited

Banque Paribas Capital Markets Limited Deutsche Bank Capital Markets Limited

Algemene Bank Nederland N.V. **CIBC Capital Markets** Daiwa Europe Limited Kredietbank International Group McCaughan Dyson Capel Cure Limited The Nikko Securities Co., (Europe) Ltd. Norddeutsche Landesbank Girozentrale Westdeutsche Landesbank Girozentrale

Commerzbank Aktiengesellschaft. Hambros Bank Limited

Banque Bruxelles Lambert S.A. Commonwealth Bank of Australia Fay, Richwhite (U.K.) Limited Manufacturers Hanover Limited J. P. Morgan Securities Ltd. Nomura International Limited Sumitomo Finance International Yamaichi International (Europe) Limited

March 1988

THE PROPERTY MARKET

"IT HAS been the most important month in Hull's history," says the city council official. He is stretching the point - Hull has a long history. But the remark indicates excitement that propcrty development is climbing to an unexpectedly high level.

Certainly the council has had a good few weeks. Four important developments brought to a total of £250m the amount of committed private sector investment in and around the city. This was just the sort of boost its urban regeneration programme needed after piecemeal progress since the early 1970s, without the aid of devices like urban development

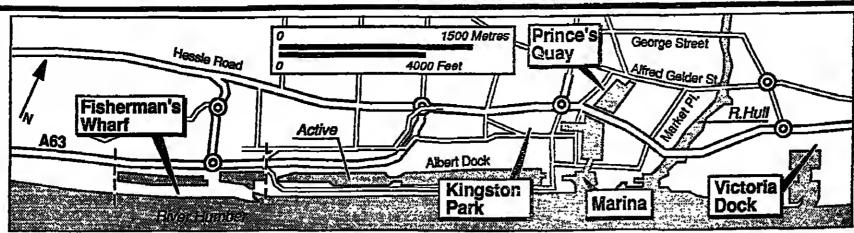
corporations.

While it is true that the Labour controlled city council has a strategy paper on regenera-tion, especially for the River Humber frontage, it had previ-ously been following it on a catch-as-catch-can basis.

Now it can cash in on the economic growth which has seen unemployment in the city drop by three percentage points in the past year to 13.1 per cent. It can exploit the property developers' push to provide facilities where people can spend their increasing disposable incomes. It can tap the

The four projects reflect these

 Bellway Urban Renewals has formed a 60-40 joint venture company with the city council to





Hull's breakthrough on the waterfront

 Associated British Ports, through its Grosvenor Square Properties subsidiary, has started work oo Fishermans Wharf in the old St Andrew's Dock. It is draining 18 acres on which it will

ning permission for Kingstoo Park, a mixed complex of 110,000 sq ft of retail space, restaurant, pany with the city council to redevelop 150 acres of waterfront, called the Victoria Dock project, to provide 1,300 homes. The city council's share of the equity council's share of the equity comes from its contribution of the land, which it is buying from Associated British Ports. The

of leisure facilities.

This last project is linked to an Quay and the Marina together.

Allders department store in the effect is to expand the town city centre and there will be centre southwards so that it meets the river. To that extent the river of the contract of the river of the effect is to expand the town centre southwards so that it meets the river. To that extent the river of the r work oo Fishermans Wharf in the old St Andrew's Dock. It is draining 18 acres on which it will put 250,000 sq ft of retail warehouses and a leisure complex, plus an industrial park.

Wykelend has received planting the centre and there will be direct access to Kingston Park.

Princes Quay provides a link to the city's Marina, which the council developed on its own initiative with the help of Government grants. The Marina has provided the setting for a new Trusthowse Forte hotel. Wykeland has received plan- Trusthouse Forte hotel.

While in places like Liverpool

Despite the city council's pur-chase of the small city ceotre docks, which are now the base of the council for planning consents the Marina and Princes Quay, the and so on. The relationship is major player on the waterfront is Associated British Ports.

nomic growth point.
Taking Kingston Park, Princes

the regeneration in Hull has simi-larities to what is happening in

Southampton and what the Mer-

seyside Development Corporation would like to happen in Liver-

its land has a river frontage of seven miles and covers 2,000 way and Victoria Dock sold to acres. The main working docks the city council, the last big area

Fish handling and processing takes place on the west side, between the town ceotre and Fishermans Wharf. Hull has become a significant entrepot for foreign fishing fleets, notably that of Iceland.

The city council realises that the waterfront cannot be rehabilitated without ABP, and ABP realises that it cannot pursue its growing vocation as a property developer without the goodwill of uneasy, a marriage of conve-nience rather than love.

Council joint venture. Once there were aspirations to turn it into a freeport, but the Government refused approval. Now ABP is uncertain what to do with it.

It could be held for docks expansion; it is an ideal site for, say, bulk oils. Given the flow most recent developments, how ment of communications ment of communications

It could be held for docks expansion; it is an ideal site for, say, bulk oils. Given the flow eastwards of Britain's trade, coupled with the revival of the port as a whole, there are obvious attractions in this, especially as the maintenance costs of the dock are minimal. It could be used, alternatively, for another property development.

That poses a different set of problems. Housing would need to be at the top end of the range to provide the returns ABP would require. With a new retail park

That sort of figure gives an immediate justification to the immediate justification to the higher rents for city shops, but as tor alike agree that Hull city contre has indifferent shopping facilities and that there has long been a need to improve them. Out-of town stores have arrived, but on a haphazard basis, and there will be no retail warehouse park until Fishermans Wharf is completed.

So the question now is whether the existing developments whether the existing developments with the source of figure gives an immediate justification to the higher rents for city shops, but as the experience of the Metro-Centre at Gateshead has shown, shopping habits can be slow to adapt to the provision of new facilities.

One side effect of the development of the provision of new facilities.

will saturate the city, or whether the local retail boom has some way to run. Cartainly the pro-pect of Princes Quay is livening

The

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Notice to the second

Great market

Section 2

And Andrew

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up the market. Andrew Clark of Dickinson Devy & Markham, chartered surveyors, says the tap Zone A rents
- and there have been few
recent open market lettings
- have been at 550 a sq ft. But rent
reviews have been settled at a

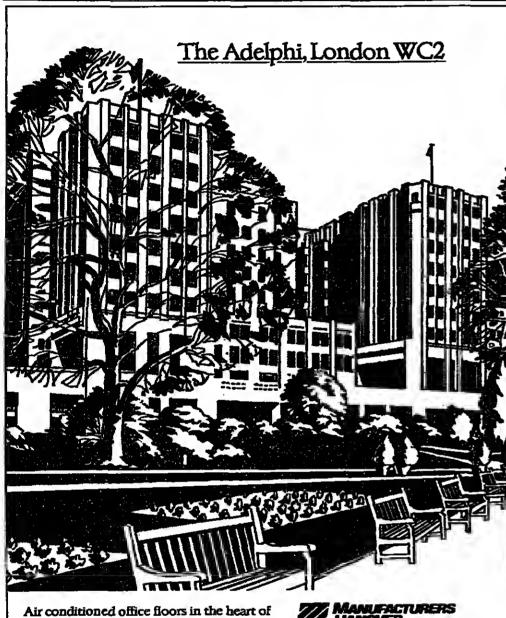
On Princes Quay, though, over a third of the space has been pro-let, largely to clothing estites for the Burton and Sears grien and for Next, at 285 a sq ft Zone A. Presumably this new high level of rents will be reflected in pres-Hull is the natural shopping centre for Humberside - greate

Government is supporting the scheme with an urban regeneration grant of £17m, the largest it has so far made.

350.000 people. The new development have to set off housing projects. It has are on the east of the town and the future of which needs resolving in a structure of which needs resolving is already under construction, there is a structed work on the £50m Princes improved the environment, handled more cargo last year ing is Alexandra Dock, just to the self-generated competition. The supporting the said for industrial that entry time since 1974, although with a third of the staff.

Council toint we believe to provide 200,000 and the said for industrial that entry the opening of the staff. A63 link to the M62 motorway the potential catchment area for the new Hull shopping develop

be no retail warehouse park until
Fishermans Wharf is completed.
So the question now is whether
the existing developments, plus
refurbishments in the city centre,



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HOUNSLOW

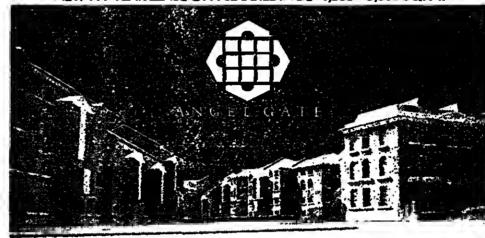
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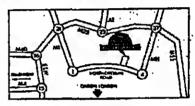
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VELL

The practical nature of Olivetti's VIP visionary

David Fishlock examines Hermann Hauser's view of research

AT OLIVETTI, the Italian office equipment company, VIP stands for very important project. To Hermann Hauser, physicist and founder of Acorn Computers, now 80 per cent owned by Oli-vetti, this means the sort of work that translates a vision into a that translates a vision into a

connect of Hauser's VIPs is a per-sonal office computing system which integrates all the electron-ics on and around a secretary's desk: telephone, fax, telex, photo-copier, dictating machine and so on. When he told Olivetti executives of his vision, he brandished a "black box", made of polysty-rene foam, and told them what he expected his scientists to make it do within the ensuing five years. It got their attention,

His list of things the box must do - as told to the annual conrence of the European Industrial Research Management Association in Madrid last week included that it should:

• function as an electronic note-pad for writing or speech, even • remember phone numbers and names, and be able to set up an international phone conference; print and file documents.

Working out how it will do all this while remaining little bigger research centres located in what than a chocolate box is the job of he calls hot spots of innovation. a network of laboratories set up "My feeling is that this is the by Hanser over the past 18 only way of doing advanced months. There are eight so far,

invent new office systems inside five years. This is Olivetti's answer to the pace of Japanese. innovation, says Hauser, who is head of corporate research. He envisages Olivetti producing business systems in future,

rather than the discrete products of today. Elserino Piol, head of strategy at Olivetti, set out to hire Hanser because he believed be would take a more visionary view than was customary in the company.

second biggest shareholder after tha 1985 takeover, but at first stayed aloof from Olivetti. He was lured in a year later with an offer of a research budget for that year of \$24m and the freedom to set up his own laboratories and choose the staff. The holder of dual Austrian and British nationality, he became Olivetti's first foreign vice president

rate research, which is to have one central lab. It would take too long to assemble a "critical mass" of talent in one place. His answer is a network of

research these days. The centres are in Italy (five),

Their target is the "office of Nuremburg in West Germany, the future" and the aim is to Palo Alto in California and Cam-Palo Alto in California and Cameach will have about 25 professionals. This year they will between them spend about \$30m (£16m).

Two more are planned to complete the network - in Boston, Massachusetts, and in Jepan. This will give Hauser a corporate research staff of about 250. He also controls what he calls an "external laboratory", an agency of three people who negotiate research contracts with academ-

Each laboratory, as well as doing its own research, is a listening post strategically placed where Hauser believes information technology is making rapid progress. "Nothing happens in Silicon in 24 hours." Hauser's criteria for the labora-

tories include that they should be close to both centres of academic Hauser has convinced the company that time is too short for a conventional approach to corposays of one small company specialising in image process Start-up companies bava vision, he says, citing recent research that showed small companies to be 24 times more inno-

ing. A characteristic of start-ups is

vative than big ones. He relishes working with entrepreneurs, whereas others may find them



their financial instability and Oli- right leader. In Cambridge that

expertise, not their product secrets. Once they accept this, they talk readily, he says.

Hauser controls his research vant to the goal of integrating network from Olivetti's head. the thinking of the far-flung labs. quarters in Ivres, northern Italy, where he has one of his labs. He has a research board which provides him with top-level links with the product divisions.

Technology transfer is expected to take place between scient to run, and the scientists mingle tists and engineers at all levels, freely. helped by exchanges of staff both within the network and between it and Olivetti's product division ing years yet in the history of laboratories, which employ 6,000 on short-term development. Hauser believes that the way

to make each laboratory really idiosyncratic and time consumproductive is to attach supreme with so much computing power importance to recruiting the "it will be proud of us."

vetti can help ease this. Hauser is person is Andrew Hopper, from quick to reassure the companies the compoting sciences depart-involved that he is after their ment, where Hanser once

Professor Maurice Wilkes, the 73-year-old doyen of computer science in Cambridge, has also been recruited. The Olivetti laboratory is within 200 metres of the university labs that Wilkes used

computing science, with an improvement of at least 1,000-fold in computer performance. It is his ambition to develop a system

KWORTH WATCHING **Edited by Geoffrey Charlish**

No oxygen but plenty of natural das

TUNNEL Refineries, the largest UK starch maker, is dealing with the waste water from its Greenwich site with an erobic treatment plant that will reduce the amount of organic material in the water by a factor of 10. The £1.5m plant, one the largest in Europe, has been built by Bio-mechanics of Coventry. Anaerobic treatment uses

bacteria to degrade organic waste biologically without oxygen, converting most of it into methane (the main constituent of natural gas) and carbon dioxide. In the more conventional aerohic processes, common in sewage works, the bacteria need oxygen to be able to eat the pollut-ants. Four times as much energy is needed to induce sufficient oxygen into the water. The Biomechanics plant con-

sumes only 100 kilowatts of electricity and produces natu-ral gas worth £100,000 a year. It processes 3,500 cubic metres of waste per day. The normally unmanned plant is controlled by a computer which gives warning of any problems.

Direct line for the spoken message

VOICE messaging, the verbal equivalent of electronic mail, is being offered by UK com-pany Tudor Computing of Esher, Surrey.

Callers to a company exchange, who cannot get the person they want, record the message into an electronic
"mail box". Later, when the
box "owner" calls the system, it will tell him if there are any messages. He dials his box to hear them.

Access to the boxes can be from any extension or from the external phone network. The rationale for such systems, claims Tudor, is that many business calls fail to reach the intended recipient first time and, in any case, they often only consist of a one

Soft mastery of court proceedings

SOUND Techniques, a UK company of Mildenhall, Suffolk, is offering a computer and soft-ware package to manage court proceedings.
Approved by the UK Home

Office, the programmes run on compoters made by Alpha Microsystems of Slough.

The software is available in four modules, covering prosecutions, fines and fees, matrimonial maintenance and fixed penalties. Users can start with the processor and one module, adding others later.
Options and enhancements

include a legal aid facility, magistrates' rota, court management statistics, word processing and a spelling check.
Computers for single and

multiple users can be supplied to cater for any size of court.

BT ventures Into designer holidays

BRITISH TELECOM has taken a 51 per cent interest in Holi-day Designers, a UK company which has just launched a holiday booking system that enables travel agent customers to make transport and accommodation arrangements tai-lored to meet their individual requirements.

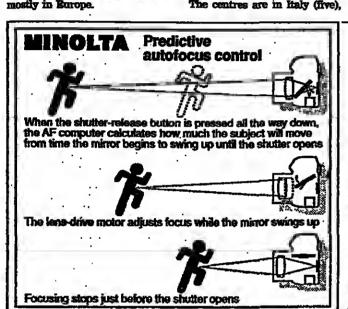
Using Prestel (videotex) colour screens, travel agents can give enstomers "one stop" facilities to select flights, hotels, car hire and other services of their choice.

The system is claimed to be totally unbiased since Holiday Designers "is not answerable to any principal, nor does any supplier of travel services have a financial interest in the com-

Ahont £2m has been invested in the system, which has been developed by Hollday Designers in conjunction with BT Applied Telecommunica-

The system is based on an IBM 3090 mainframe computer with switched connections to suppliers such as airlines and

These suppliers constantly update the database (informa-tion store) for use by the 18,000 videotex screens at over 6,500 UK travel agents.



Minolta brings down the shutters on any lack of creativity

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR a microprocessor which interfaces with

ANY DUFFER, as any number of family albums will testify, can take a blurry photograph. But what about the camera buff who wants to exercise a little skill and turn in a flattering, deliberately soft focus picture of a griz-zled relative or the family dog?

Something of a challenge for the average owner of a modern point-and-shoot automatic camera which has been designed to make such things difficult, if not impossible, the task has been made simple by Minolta of Japan. Just as a personal computer's capaci-

ties can be extended by inserting a disk, so the abilities of the Minolta's latest top-of-the-range camera can be improved by inserting a "creative expansion card."
Measuring 2cm hy 3cm, each card
contains a memory circuit connected to the £400 Dynax 7000i's main built-in computer. Functions vary from the fantasy card, which produces a soft focus effect by switching on the lens drive motor as the shutter is opened, to inserts for close-ups, portraits and cus-tomised function that allow the user to adjust seven of the camera's countless basic operations.

Ranging in price between £13 and £20 each, the 10 cards offer retailers an extra attraction for the conventional marketing package of hody, lenses, flash and case, and the opportunity for Minolta to add on extra features through further cards, thus extending the product cycle beyond the three or four years usual for an SLR (single lens

The company has also set its compet-

itors fresh challenges in the race to pack more features into an ergonomically-designed camera body.

The 7000i, launched simultaneously

last week in all world markets, has a high-torque lens drive which is claimed to focus four times faster than Minolta's 7000 model. It also boasts a liquid crystal display data panel which can show combinations of 15 different

But the company is especially proud of the new predictive focus control which can capture a moving subject in approaching the camera, for example, the computer can predict the subject's distance from the lens at the instant of exposure, and continues focusing auto-matically even as the mirror swings up, stopping as the shutter opens.

Hype analysts can make what they like of Minolta's claim to have developed "the world's most intelligent camera," but the introduction marks an intelligent move in one of the few sectors of the camera market which is growing and turning in decent margins

There are about 200 different compact 35mm pocket models costing an average of £62 on sale in Britain. Sales are increasing and last year reached 2m units out of total camera sales of 3.8m. But competition is strong and margins

Much of the growth has been at the expense of the single lens reflex mar-ket. Partly because of relatively high prices averaging £210, and the per-ceived difficulty of using these cam-eras, sales have fallen. In the UK last year volume sales fell from 415,000 to

However, the introduction of auto-matic focus SLRs, which started three years ago with Minolta's Launch of a \$300 model, has helped improve things. British autofocus sales last year were only 90,000 compared with 480,000 in Japan, but they rang up £230m at retail prices, and captured 23 per cent of the total SLR trade.

In the year after its introduction Minolta's first autofocus camera was given much of the credit for a near-70 per

cent increase in company profits.

In its own way the new breed of cameras may also help film makers. With the capacity to bang off three or four frames a second, it must surely do something to bolster the average Briton's film consumption of a wretched two rolls a year.

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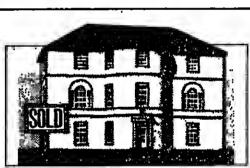
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THE US Agriculture Department has cut its acreage set-aside radirements for wheat-producers from 27.5 per cent of planted acreage to 10 per cent, a creage reduction programme target price of \$4.10 a bushel.

Farmer organisations also increased, however, hy government sobsidies paid for but the US market share, boosted by export subsidies under the encouraged to drop out of the price and the Government's Export Enhancement programme, is still expected to be lower this year, but the US market share, boosted by export subsidies under the Export Enhancement programme, is still expected to be lower this year, but the US market share, boosted by export subsidies under the End-year stocks on June 1 next year are projected to fall below the figure USDA acreage to 10 per cent, a creage reduction programme target price of \$4.10 a bushel. radical departure from recent altogether. The price support A recent USDA report forecast

The department responded to busher, down from \$2.57 a husher calls by the farm lohby for a Mr Frank Johannsen, president smaller set-aside to discourage of the National Association of overseas production and to Wheat Growers, has esimated the

loan rate has been set at \$2.06 a bushel, down from \$2.57 a hushel.

ensure adequate supplies in order season average price for this to continue the aggressive US year's crop in the \$3 to \$3.25 export expansion.

continued strong demand and a drop in US stocks to their lowest level since 1975-76. Exports in competitors' production down As to the place for the 1988-89 crop, USDA prices early in 1987-88 kept officials are projecting a 59m-1988-89 are forecast at 1.5hn hushels, one of the largest shipments on record.

competitors' production down. As tonne wheat harvest. a result, US exports are expected

stock for domestic emergencies.

Next year's smaller set-aside to reach 43.5m tonnes by the end will bring an additional 10m of this trade year (July-June), the acres into production, raising thighest volume since 1981 and output to about 67m tonnes.

EC Commission may have to aid small cereal farmers

BY TIM DICKSON IN BRUSSEL

THE European Commission may be forced to Intervene with its own stop-gap solution next week after member-states yasterday failed to find a formula to shield small cereal producers from the worst effects of Common Agricultural

The ultimately-deadlocked meeting of farm experts in Brussels was seen by some as e key test for the EC'e new determination to control costs

determination to control costs in the grains sector.

However, a close observer last night said it ended up in a largely theological dispute about the relative powers of the Commission and the Council of Ministers

The problem arises because the EC has not yet agreed farm-price levels for 1988-89, and the June I start of the harstates is fast approaching. That is all the more serious

That is all the more serious this year because the summit meeting of EC heeds of government in Fehruery decided, as part of the new stabiliser regime, to apply an extra co-responsibility levy, that is production tax, of 3 per cent this year and told farm ministers to find new rules for exempting smaller producers.
Representatives of the memher-states yesterday unanimously agreed that the provisional price for soft wheat in the southern countries would be fixed at the same level as last year.

This means the hasic co-responsibility of 3 per cent and the extra levy - to be reimhursed if the total EC harvest does not exceed 160m tonnes - will each be Ecu5.38

a tonne. a tonne.

The experts, however, were unable to decide a new system for exempting small producers because of opposition to the proposal from Italy, Greece and Spain.

Greece and Italy are under-stood to have demanded a higger share of the Ecu220m which has been set aside in

insists the Commission should allow it to exempt farmers on more than the first 25 tonnes of output, the limit under existing

last night indicated the Brussele executive would exemine the situation and would find a solution before would find a solution before
June 1 "to ensure the proper
functioning of the system."

It is understood that behind
the technical arguments there
is concern in Brussels thet
ltaly, which with Spain
exempts its small producers
from the levy, while other
member-states reimburse them,
is allowing lesser moducers to is allowing larger producers to avoid paying the tax.

Officials are worried that because the levy size has been doublad this represents an increasingly unacceptable loss to the EC budget.

Meanwhile, there are signs that farm bodies across the EC - cognizant of the early forecasts for the harvest which suggest that it will not exceed 160m tonnes — are unhappy at the prospect of early payment of the extra co-responsibility.

One lobbyist in Brussels last night said it could represent the profit margin for some farmers end that if the maximum ceiling were not breached, reimhursement was unlikely until June next year.

John Barham on the burdens of a sector emerging from stagnation

Brazilian agriculture proves to be dynamic but risky

ham in Sao Paulo.

emerging from e decade of stagnation: farmers are reaping their second consecutive record harvest; the Government is forecasting another humper barvest for next year; the wealth created hy the harvest has averted economic crisis.

Yet Brazilian agriculture for all its prosperity is still labouring under increasingly heavy hurdens; yields have falterad; surprisingly under-sophisticated markets expose farmers to potentially huge risks; creaking infrastructure can no longer handle the rising output efficiently.

Observers doubt Brazil can raise grains output much beyond
7m tonnes a year without
immediate improvements.
However, there can he no
denying the dynamism of Brazil's
agriculture.

This year's harvest will total 66m tonnes, 1.5 per cent more than last year and 25 per cent more than in 1986. Were it not for dry weather in the south, Brazil's richest farming region, the harvest would have been 1m

In comparison, for most of the 1980s farm output always hovered at about 55m tonnes a year, even though the population year, even though the population has come more from the creation grew by 2.5 per cent each year.

Now, output of soyabeans.

Brazil's most important export

of new land than from better productivity.

Indeed. although Brazil is the

THE BRAZILIAN Government has bowed to intense pressure from sugar cane producers to delay its withdrawal from sugar exports, writes John Bar-

COCOA ERORRI

Close

sugar exports another year crop, has risen by 6 per cent, to world's second-largest producer 18m tonnes. Rice and beans, two of soyabeans, ils soya yields of

due to operating difficulties.
At present, the Brazilian
Government's Sugar and Alcohol Institute (IAA) is responsi-President Jose Sarney agreed on Tuesday to extend Brazil's state monopoly in ble for all sugar exports.

15	crop, has risen by 6 per cent, to	world's seco	and-largest producer	But the bumper	r harvests along	send world prices spiralling up	1
	18m tonnes. Rice and beans, two				ew Agricultural	even higher. Domestic soya	1
Ш	key domestic staples, rose 11 per				reating as many	prices are already well above the	1 1
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:0	Last week he said "never has		h of the decline in		h causes delays	oil war to the US. Brazilian	1
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0	with billions of dollars of cheap		erty under Brazil's		to Argentine or	futures contracts are often badly	ł
8	credit and firmly supported	land-reform	policy, began tilling	Uruguayan ports	s where it could	written and the very concept of	1
_	prices of domestic staples.		ile land, thus helping		for export.	hedging is poorly understood.	1
ı	However, Mr Stanley Haar,	to raise out			he hig harvest,	Instead, farmers watch	ł
e	commercial director at	Most of t	he increased output	prices are still	rising. Inflation,	domestic and international price	
ıt	Continental Grain's office in Sao	has come	from new farming	running at 600 p	er cent a year, is	movements carefully, ready to	١.
r	Paulo, said: "The underlying	regions in 1	Brazil's vast interior.	keeping real int	terest rates low,	act at the hint of downward price	1
's	factor was high world prices at					shifts.	!
e	planting time. Prices were very	OPA:	ILIAN GRAIN PR	COLICTION (torner	This is risky. For example, a	1
n	high, so the farmers just went	Phys				good US soya crop would hring	1 5
	out and planted more."		1986-87	1987-88	% change	world prices down as supplies	
e	Mr Haar notes, though, that	Soye	17.1	18.0	+ 5.5	surge. Falling world prices could	1
5	average yields have fallen. This	Rice	10.6	11.B	+11	deal Brazilian farm prices a	1 3
а	year's 1.5 per cent rise in ontput	Com	26.3	25.0	-6.7	body-blow. The effects of a bear	1
0	has come more from the creation	Wheat	6.2	6.4	-6.5	market in soya would he	
	of new land than from better	Others	4.3	5.4	+25	magnified as farmers rushed to	
š.,	productivity.	Total	65	66	+1.5	dump stocks, dragging all farm	1
t	Indeed, although Brazil is the	Source. Compan	his de Financiamento da Produ	ICEO		prices down rapidly.	1

which encourages farmers to hold on to much of their output. This is driving prices up further, as supplies dry up. Soyabean farmers are betting

heavily on a disappointing North But the bumper harvests along the so-called New Agricultural Frontiers are creating as many difficulties as they solve.

American crop, which would send world prices spiralling up even higher. Domestic soya prices are already well above the international market, forcing

WORLD COMMODITIES PRICES

Canadian mining companies warned

By Our Commodities Staff

CANADIAN companies were devoting too much time looking for gold and not enough boosting basemetal reserves which had become dangerously depleted in recent years, Mr Norman Keevil, president of Teck Corporation, warned

yesterday. Teck is the Vancouver-based natural resources group which started life as a gold mining

Mr Keevil said that gold reserves rose sharply in recent years hnt reserves of zinc, copper, nickel and iron ore had

copper, nickel and iron ore had dropped substantially.

"The higgest challenge facing us today is to replace our waning production hase, which is our reserves," he told a mining conference.

His remarks echo those of

Mr Andrew Enxton. RTZ
Corporation's director of
metals who recently suggested
the mining industry worldwide had devoted too much
energy to gold-exploration at
the expense of other minerals.

Mr Buxton said: "The almost

Mr Buxton said: "The almost religious zeal which gold evokes and, it might he argned, its intrinsic nsefninese, makes thie the mining industry's late-20th century equivalent of hullding the Pyramids."

The present high prices for metals could be traced to a gradual erosion of the industry's ability to produce. Mr Buxton suggested. For example, the effective capacity of the world's copper mines was Im tonnes below nominal capacity.

capacity. Yesterday Mr Keevil said that since 1981 Canada's gold reserves had jumped by 94 per cent but in the same period reserves of nickel had fallen by nearly 28 per cent, those of copper hy more than 21 per cent and those of zinc hy 24

"We need more exploration and more effective exploration, particulary for metals other than gold." he said.

Elders Futures sets up London office

By Stephen Fidler,

ELDERS FUTURES, the New York-based futures end options arm of Elders Group, of Australia, is establishing a branch office in London. The office will initially

service clients in the three areas energy, metals and currency and financial futures. Elders will maintain its floor Petroleum Exchange.

67.45 82.05 89.55 85.00 83.10 82.20 80.60 78.75 77.70

185 144 31 121 116 101 68 176 70 69 117 242

Malaysia moves to dampen speculative interest in rubber

BY WONG SULONG IN KUALA LUMPUR

On the Malaysian market yesterday RSS1, the hedging grade, rose hy another 25 cents to an eight-year high of 377 cents a kilo. It has risen by 15 per cent in the past week.

Mr Ng Kok Tee, a Ruhber Exchange official, said the market needed to "cool down and digest the unsettled positions."

He said that while the price He said that while the price rise in recent months was due to strong fundamentals, the sharp increases in the past fortnight were largely due to speculation, emitting from the Tokyo market.

Officials of the Kuala Lumpurhased International Natural Ruhber Organisation said its hufferstock sales had lost impact on the market, which is now in the control of speculators.

MALAYSIAN RUBBER officials, latex concentrate is very tight, MALAYSIAN RUBBER officials, concerned the market was rapidly overheating, yesterday moved to dampen speculative interest as prices continue to soar.

On the Malaysian market A EXCHI

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50-07 M/56

Transport a

He said the two government buying agencies, the Ruhber Smallholders Authority and Mardec, would produce more latex concentrate by stepping up purchases of latex from farmers.

Last year Malaysia produced about 300,000 tonnes of concentrate of which 35,000 tonnes were consumed locally. Local consumption this year is expected to rise to 65,000 tonnes.

Latex rubber forms only 7 per cent of the natural rubber market but the scramble for this grade by gloves and condoms factories. demand from which Is mushrooming, has resulted In tightness in the market all round. Concentrate is selling at more than a four-ringgit premium over RSS1 when the traditional premium is only 50 cents a kilo.

Mr Ahmad Farouk Ishak, chairman, Malaysian Rubber Research and Development Board, the industry's regulatory authority, focused his reassurances on the rubber latex market. There panic buying has forced prices to an all-time high of more than eight ringgit a kilo.

Conceding current supply of the corresponding period last year. However, exports in the period rose hy 8.6 per cent, to 438,292 tonnes.

Seaborne steam-coal trade growth predicted

BY MAURICE SANUELSON

predicted in a report on trends to 1990 and beyond by UK-based Ocean Shipping Consultants.

However, the report says the growth rate will depend critically on uncertainties affecting decisions over energy choice in the next decade.

The report says last year's volume of traded steam-coal was probably close to the 1986 level of 133m tonnes. It expects that by 1990 the trade will have expanded hy about 30 per cent, reaching 173m tonnes in 1990.

remain hullish, with demand totalling 247m tonnes in 1995 and more than 325m tonnes by 2000. medium term.

trade would still grow but would 9DZ. £345 (\$680).

A SUSTAINED growth in sea-borne trade in steam-coal is and 260m tonnes by 2000.

Growth forecasts have been scaled down in recent years but present volumes of sea-traded coal are still twice as hig as they were just before the second oilprice crists a decade ago.

Growth was especially sharp in 1982-86 when tonnages rose almost 48 per cent, to 133m

As a result, the study foresees a period of sustained increase in average bulk-carrier freight rates, with the gains of recent months being consolidated.

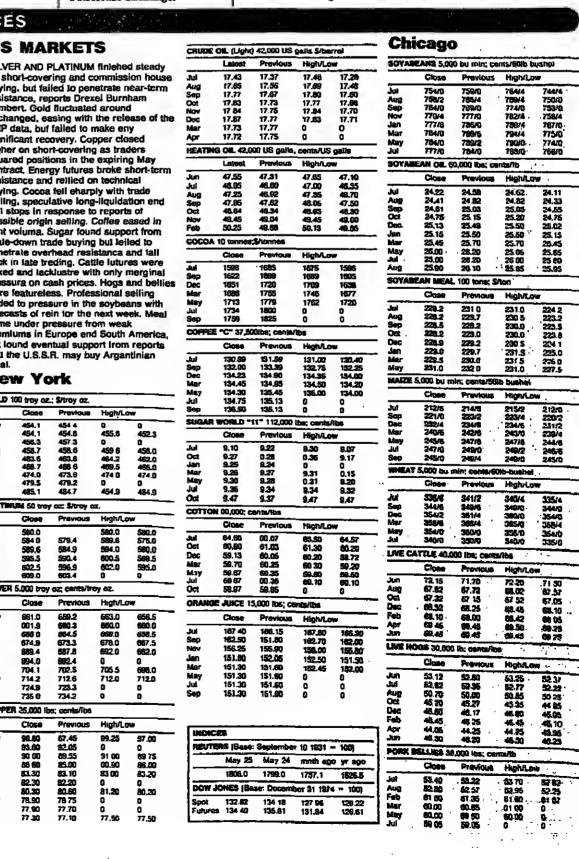
Thereafter, the growth rate is more uncertain. If oil prices held stable to 1995 and nuclear power continued to mark time, the continued to mark time, the shipments would shipping could boost freight rates shipping could boost freight rates for Cape-size vessels (120,000) for Cape-size vessels (120,000 tonnes to 150,000 tonnes) in the

there was only moderate to 2008. Oceon Shipping economic growth but more Consultants, Beacon House, South nuclear development, the coal Road, Weybridge, Surray, Editor trade would still grow but

SPOT MARKETS Crude oil (per barrel FOB) \$14.78-4.52u -0.06 \$16.38-6.43z +0.065 \$17.42-7.45u +0.03 Present of the control of the contro

were all iber parcer FOB)						FRGT/LOW					Previous	High/Low
itati	\$14.78-4.824	-0.06	May	922	955	940 914		Aluminian	n, 99.7%	6 party (S	per tonne)	
ent Blend T.I.j1 pm est)	\$16.38-6.432 \$17.42-7.45u	+0.065	Jly Sep	934 954	964 964	958 930 976 950		Cash	3110-		3000-20	
products (NWE prompt d			Dec	975	1004 1026	998 989 1017 994		3 months	2400-		2405-25	
		+ or -	_ May	1016	1044	1025 1014		Atumintus				
CONTRACTOR OF THE PROPERTY OF	6193-195 \$138-140	-1	Jul	1040	1063	1043 1030		Cash 3 months	1645- 1273-		1565-90 1272-3	1602 1289/1268
as Off (Soviet) Pavy Fuel Off	575-77	+ 0.5			7451) lots of		nden	Copper, G				1000 1000
iphthe Broteum Argus Estimates	\$183-165	+1				per tonne). Delly) .10 day averag		Cash	1274-		1265-70	1280/1273
her		+ or -	May 2	3 : 1246.38	[1238.29]			3 months	1110-		1095-7	1114/1105
	\$453.75		-					Copper, S	landard	(£ per tor	ine)	
old (per tray oz) (*) Iver (per tray oz) (*)	661c	-0.25 -4	COFFE	E É/lonne				Cash	1140	-60	1140-70	1196
abnum (per troy oz)	\$578 00 \$124.50	-0.25 + 0.25		Close	Previous	High/Low		arthorn E	1075-		1060-70	
	\$3025	+20	May	1048	1060	1049 7037		Silver (US	cents/fi	ine ounce		
um(num (free market) opper IUS Producer)	1055g-106c	4	_Uy_	1064	1067	1070 1053		Cash 3 months	657-9 668-7		662-4 674-6	
ad (US Producer) ckel (Iree market)	35.0c	-0.5 -20	Sep	1009 1080	1082 1095	1681 1062 1092 1070					0/4-0	
(European free market)	£3735		Jan Mar	1087	1105 1115	1098 1080		Cash	398-4		398-400	
i (Kuala Lumpur market) i (New York)	17.68r 324.5c	+ 0.5	May	1100	1117	1103 1090		3 months	356.5		355-6	357/348
ne (Euro Prod. Price)	\$1122.\$		Turnov	rer: 2563 (2605) lots of	5 tormes		Nickel (\$ p	er tom	e)		
nc (US Prime Western)	55.5c					te per pound) fo		Cash	16300)-800	16500-7000	16600
ittle (live weight)f leep (dead weight)f	112.30p 228.14p			6.83 1 16.0		[116.21]; 15 day	TAGL-	3 months	13550		13800-900	13900/1360
ge [live weight]1	69.79p		_					Zinc (£ per	tonnel			
ndon daily sugar (raw)	\$239.8y	-24						Cash	666-9		670-5	673
ndon daily sugar (white)	\$251.5y £235.5	-2.0 -1.0		R & per to				3 months	631-3		629-30	635/630
te and Lyle export price riey (English feed)	£106:	-1.0	. Rew	Close	Previous	High/Low		POTATOES	·	_		
lize (US No. 3 yellow)	£1366		Aug Oct	210.40 210.00	210 00 209.20	210.80 199.00 210.20 197.20			Close	Pravious	s High/Los	
reat (US Dark Northern)	£97.75y	-0.25	Dec	210.20	209.00						s regiviçõe	
bber [apot] *	82.00p 85.50p	+ 1.00	Mar May	209.00 209.00	209.00 209.20	219.86 197.00		Nov Feb 1	89.9 G2.0	92.0 102.0		
boer (July) 🕎	85.75p	+ 1.00 + 1.00	,					Apr 1	33.3	134.3	135.0 132	.0
ober (Aug) T					- ·	Mak Bass		May 1	43.0	144.0		
ibber (Aug) V ibber (KL R\$S No 1 June)377 Om	+25	White	Close	Previous	High/Low		T				
bber (ICL RSS No 1 June conut oil (Philippines)§	\$530a	-5	Aug	249.00	248.30	250.00 247.00		Turnover:			100 tonnes.	
bber (RL RSS No 1 June conut oil [Philipperes)§ tm Oil [Malayaran)§ pra [Philippines)§			Aug	249.00 245.00	248.30 244.00			SOYABEAN	MEAL		100 tonnes.	
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bber (ICL RSS No 1 June conut oli [Philippnes]§ Im Oil [Malaysan]§ pra [Philippnes]§ yabeams [US] yabeams [US] yabeams [US] softops (64s Super) a tonne unless otherwise sents/lb. r-ringgiffig. U- may/Jun. z-Aug. y-Jun/J arage latistock prices. y- condon physical market. In market close m-Majayi World St & Po The Financial Times p this survi	\$530s \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July. x-May/ ### Color of the colo	-5 + 2.5 -4 -0.45 carlig. Iul. I-Jun. ministron mosk ago. n.	Aug Oct Dec Mar Mar Aug Turnov 223 (86 Parsi- Dec 14 GAS Ol Jun Jun Aug Sep Sep Nov	249.00 245.00 245.00 245.00 251.00 251.00 251.00 er: Raw 1 80 White (FF) 100 L Stonne Closes 140.25 141.75 142.25 144.50	248.30 244.90 244.50 230.00 251.00 252.50 036 [1256] k r per tonne] 155. May 146 139.50 141.50 145.00 148.50	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 251.00 25	White 1425,	Jun 1 Aug 1 Oct 1 Dec 1 Feb 1 Apr 1 Turnover: 1 FREIGHT F	MEAL 21086 39.00 40.00 40.00 42.50 46.30 47.00 130 527 UTURE: 223.0 324.0 324.0 325.0 325.0	Previous 147.00 145.50 144.50 145.50 145.50 145.00 17 lots of 1 8 \$10/inde Previous 1285.0 1386.0 1386.5 1404.0	140.50 13 145.00 14 145.00 tonnes. x point High/Low 1250.0 12 1340.0 13 1346.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0
bber (ICL RSS No 1 June conut oli [Philippnes]§ Im Oil [Malaysian]§ pra [Philippnes]§ pra [Philippnes] months [Philippnes] months [Philippnes] months [Philippnes] months [Philippnes] market close m-Malayi World St & Po The Financial Times [Philippnes]	\$530s \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July. x-May/ ### Color of the colo	-5 + 2.5 -4 -0.45 carlig. Iul. I-Jun. ministron mosk ago. n.	Aug Oct Dec Mar Mar Aug Turnov 223 (86 Parsi- Dec 14 GAS Ol Jun Jun Aug Sep Sep Nov	249.00 245.00 245.00 245.00 251.00 251.00 251.00 er: Raw 1 80 White (FF) 100 L Stonne Closes 140.25 141.75 142.25 144.50	248.30 244.90 244.50 230.00 251.00 252.50 036 [1256] k Previous 139.50 139.75 141.50	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 251.00 25	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Dec 1 Feb 1 Apr 1 Turnover: 1 FRESCHT F Jly 1 Oct 1 Jan 1 Apr 1 Jan 1	MEAL 21086 39.00 40.00 40.00 42.50 46.30 47.00 130 527 UTURE: 223.0 324.0 324.0 325.0 325.0	Previous 147.00 145.50 144.50 145.50 145.50 145.00 17 lots of 1 8 \$10/inde Previous 1285.0 1386.0 1386.5 1404.0	140.50 13 145.00 14 145.00 tonnes. x point High/Low 1250.0 12 1340.0 13 1346.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0
bber (ICL RSS No 1 June conut oli [Philippnes]§ Im Oil [Malaysan]§ pra [Philippnes]§ yabeams [US] yabeams [US] yabeams [US] softops (64s Super) a tonne unless otherwise sents/lb. r-ringgiffig. U- may/Jun. z-Aug. y-Jun/J arage latistock prices. y- condon physical market. In market close m-Majayi World St & Po The Financial Times p this survi	\$530s \$440 0 \$440 0 \$5355 \$171 67.00c 8550p stated. p-pen July. x-May/.ut. theat consequence for a score form	-5 + 2.5 -4 -0.45 carlig. Iul. I-Jun. ministron mosk ago. n.	Aug Oct Dec Mar Mary Aug Turnov 223 (6P Parsi- Dec 14 GAS Of Jun Jun Jun Jun Jun Jun Sep Oct Nov	249.00 245.00 245.00 245.00 249.00 251.00 251.00 251.00 06r: Raw 1 89. White (FF 30. Mar 1 40.25 140.25 141.75 144.25 144.750 147.25 ar: 2305 (2	248.30 244.90 244.50 230.00 251.00 252.50 036 [1256] k r per tonne] 155. May 146 139.50 141.50 145.00 148.50	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 251.00 25	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Dec 1 Feb 1 Apr 1 Turnover: 7 Jun 1 Apr 1 Jun 1 Apr 1 Jun 1 Apr 1 Turnover: 7	MEAL Close 444 00 39.00 44.00 39.00 42.50 42.50 47.00 130 1527 UTURE: Close 223.0 324.0 3325.0 345.0 352.0	2/tonne Previous 147.00 145.50 144.50 145.50 145.00 151.00 7 lots of 1 S \$10/inde Previous 1285.0 1350.0 1350.0 1357.5 1404.0	140.50 13 145.00 14 145.00 14 145.00 tonnes. or point High/Low 1250.0 12 1340.0 13 1345.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0
bber (iC. RSS No 1 June conut oli [Philippnes] m Oil [Malaysian] pra [Philippines] pro [Philippines] pro [Philippines] pro [Philippines] pro [Philippines] pro [Philippines] pra [Philippines] p	\$530s \$440 0 \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July, x-May/, ut. † thesi Cor sange from a tiche Rottencer stan cents/kg. aipping rts proposes 10 put py on; p 1988	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mar Mar Aug Turnov 223 (96 Parsi- Dec 14 GAS Oil Jun Jul Aug Sep Nov Turnov	249.00 245.50 245.00 245.00 251.00 251.00 251.00 er: Raw ii ii) White (FF) 30, Mar 1- Close 139.75 140.25 141.75 142.50 147.25 br: 2306 (2	248.30 244.90 244.50 230.00 251.00 252.50 036 [1256] k Previous 139.50 139.75 141.50 143.00 148.50	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 249.00 24	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Dec 1 Feb 1 Apr 1 Turnover: 7 Turnover: 7 Turnover: 7	MEAL Close 44 00 39.00 44.00 39.00 40.00 40.00 40.00 65.30 47.00 30 \$27 UTURE Close 223.0 324.0 325.0 345.0 352.0	2/tonne Previous 147.00 145.50 144.50 145.50 145.00 15.50 145.00 1 lots of 1 2 \$10/inde Previous 1285.0 1350 0 1357.5 1404 0	140.50 13 145.00 14 145.00 tonnes. ox point High/Low 1250.0 12 1340.0 13 1345.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0
bber (iC. RSS No 1 June conut oli [Philippnes] m Oil [Malaysian] pra [Philippnes] pra [Phil	\$530s \$440 0 \$440 0 \$440 0 \$5355 \$171 67.00c 8550p stated. p-pen July. x-May/July. x-May/J	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mary Aug Turnov 223 (6P Parsi- Dec 14 GAS Of Jun Jun Jun Jun Jun Jun Sep Oct Nov	249.00 245.00 245.00 245.00 249.00 251.00 251.00 er: Raw 1 8). White (FF 30, Mar 1 Chose 139.75 140.25 141.75 142.25 141.75 142.25 267: 2305 (2	248.30 244.90 244.90 280.00 281.00 282.50 036 [1256] k r per tonnel 155, May 146 Previous 139.50 141.50 143.00 148.00 148.00 148.00 148.00 148.00 148.00 148.00	250.00 247.00 244.00 243.50 248.00 248.00 25 of 50 tonnes; Aug 1437, Oct 15, Aug 1475 140.50 139.00 141.75 141.25 143.25 142.25 143.25 142.25 148.25 148.25 148.25 148.25	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Feb 1 Apr 1 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7	* MEAL Close 44 00 39.00 44 00 42.50 46.30 47.00 30 527 UTURRE Close 223.0 324.0 325.0 345.0 345.0 345.0 345.0 345.0 345.0 345.0 345.0 345.0 345.0	2/tonne Previous 147.00 145.50 145.50 145.50 145.00 151.00 7 lots of 1 S \$10/inde Previous 1350.0 1350.0 1350.0 1350.0 1350.0 1350.0 1367.0 13	140.50 13 145.00 14 145.00 14 145.00 15 145.00 15 145.00 12 1250.0 12 1240.0 13 1345.0 13 1365.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0
bber (RC, RSS No 1 June conut oli [Philippnes]§ Im Oil [Malaysan]§ pra [Philippnes]§ pra [Philippnes] pra [Philippnes] pra [Philippnes] World St World St World St Po The Financial Times p this survi 27th June for a full clitoria advertisement details CLARE §	\$330s \$440 0 \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July, x-May/, ut. 1446al to sample from a scill Rottercan man cents/kg. aipping rts aropases 10 pul	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mary Aug Turnov 223 (86 Parsi- Dec 14 GAS Of GAS Of Turnov GRAINS Wheat hy	249.00 245.50 245.50 245.50 249.00 251.00 251.00 251.00 6F: Raw 1 8) White (FF) 30, Mar 1 Close 139.75 140.25 141.75 142.25 141.50 144.50 144.50 174.00 Close 107.40	248.30 244.90 244.90 244.90 250.00 251.00 252.50 036 [1256] kg r per tonne] 155. May 146 139.50 139.75 141.50 143.00 148.50 148.50 177.20	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 25 140.75 25 140.50 139.00 141.75 141.25 143.25 142.50 145.25 144.25 146.25 140.25 140.25 140.25 140.25 140.25 140.25 140.25 140.25 140.25 140.25 140.25	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Dec 1 Freb 1 Apr 1 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7	N MEAL 110se 444 00 39.00 39.00 39.00 445.50 45.50 47.00 47.00 30 1527 3345.0 3345.0 3325.0 1527 33	Previous 147.00 145.50 144.50 144.50 148.50 151.00 7 lots of 1 8 \$10/inde Previous 1285.0 1350.0 1350.0 1357.5 1404.0	140.50 13 145.00 14 145.00 14 145.00 16 145.00 16 145.00 12 1250.0 12 1360.0 13 1365.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0
bber (iC. RSS No 1 June conut oli [Philippnes] m Oil [Malaysian] pra [Philippnes] pra [Phil	\$330s \$440 0 \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July, x-May/, ut. 1446al to sample from a scill Rottercan man cents/kg. aipping rts aropases 10 pul	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mary Aug Turnov 223 (86 Pars- Dec 14 GAS Ol Jun Jul Aug Oct Nov Turnov GRAINS Wheet Jhy Sep	249.00 245.00 245.00 245.00 245.00 251.00 251.00 251.00 26: Raw It	248.30 244.90 244.90 244.90 225.00 251.00 252.50 036 [1256] k r per tonne] 139.50 139.75 141.50 148.50 148.50 148.50 Previous Previous 030.75	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 251.00 25	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Dec 1 Feb 1 Apr 1 Turnover: 7 Turnover: 7 FREIGHT F Summer h a 1b (75-90 each 126-3 reprote FF FREIGHT AP Summer h a 1b (75-90 each 126-3 reprote FF Stravborn FF	N MEAL Close 444 00 39.00 39.00 39.00 442.50 45.50 46.50 30 1527 UTURES 233.0 3325.0 3	Previous 147.00 145.50 144.50 145.50 146.50 146.50 151.00 7 lots of 1 5 \$10/inde Previous 1350.0 1350.0 1350.0 1357.5 1404.0	### High/Low 140.50 13 145.00 14 145.00 14 145.00 15 ###################################	8 00 2.00 2.00 20.0 20.0 40.0 65-65p
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beer (ICL RSS No 1 June conut oil [Philippnes]5 Im Oil [Malaysen]9 pra [Philippnes]5 yabeams [US] yabeams [US] yabeams [US] yabeams [US] ton "A" index portops (64s Super) a tonne unless otherwise pents/lb. r-ringgiffig. U- May/Jun. z-Aug. y-Jun/J arage lateteck proces. "cf undon physical marker." in market close m-Malays World St & Po The Financial Times p this serve 27th June for a full editoria advertisement detail CLARE I en Ol-242 800 Or write 10 Bracken I	\$330s \$440 0 \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July. x-May/July. x-May/J	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mar Aug Turnov 223 (86 Pars- Dec 14 GAS Ol Jun Jun Jun Jun Jun Jun Aug Oct Nov Turnov GRAINS Wheet Jry Sep Nov Jan Jun Mar Mar Mar Mar Mar Mar Mar Mar Mar Mar	249.00 245.00 245.00 245.00 245.00 251.00 251.00 251.00 26: Raw It	248.30 244.90 244.90 244.90 225.00 251.00 252.50 086 [1256] k r per tonne] 155. May 146 139.50 148.50 148.50 148.50 177.20 107.20 103.70 108.00 110.25 112.50	250.00 247.00 244.00 243.50 248.00 25 139.25 26 144.25 26 144.25 26 144.25 27 148.25 28 144.25 28 144.25 28 144.25 28 144.25 28 144.25 28 144.25 28 144.25 28 148.2	White 1425,	Jun 1 Aug 1 Oct 1 Free 1 Apr 1 Turnover: 1 Turnover: 7	# MEAL 100se 44 00 39.00 39.00 42.50 42.50 30 (527 UTURE! 100se 223.0 324.0 324.0 335.0 34	Previous 147.00 145.50 144.50 144.50 145.50 148.50 151.00 151.00 151.00 151.00 151.00 1356.0	140.50 13 145.00 14 145.00 14 145.00 14 145.00 15 145.00 15 145.00 15 155.0 12 156.0 13 156.0 13 156.0 13 156.0 13 156.0 13 156.0 13	8 00 2.00 2.00 20.0 20.0 40.0 40.0 40.0 40
bber (ICL RSS No 1 June conut oli [Philippnes] m Oil [Malaysan] pra [Philippnes] world Statistick prices, pra condon physical market, in market close m-Malays World St & Po The Financial Times p this survi 27th June for a full clitoria advertisement details CLARE en Ol-248 800 Or write 10	\$530s \$440 0 \$440 0 \$440 0 \$5355 \$171 67.00c 8550p stated. p-pen July. x-May/July. x-May/J	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mar Aug Turnov 223 (86 Paras- Dec 14 GAS Ol Jun Jun Jun Jun Jun Jun Jun Jun Jun Aug Oct Nov Turnov GRAINS Wheet Jy Jon Jun Mar Mar Mar Mar Mar Mar Mar Mar Mar Mar	249.00 245.00 245.00 245.00 245.00 251.00 251.00 251.00 251.00 6F: Raw It	248.30 244.90 244.90 244.90 225.00 251.00 252.50 086 [1256] k r per tonne] 155. May 146 159.75 141.50 148.50 148.50 177.20 107.20 103.70 105.00 110.25 112.50 Previous	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 25 139.25 26 144.25 26 144.25 26 144.25 27 148.25 28 144.25 28 14	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Feb 1 Apr 1 Turnover: 1 Turnover: 1 Turnover: 7 Tu	# MEAL 100e 44 00 39.00 39.00 39.00 44 00 39.00 42 50 42 50 45 30 527 UTURE! 130 527 UTURE! 130 527 UTURE! 130 53 50 34 5.0 33 2.0 60 45 7.5 60 60 60 60 60 60 60 6	Previous 147.00 145.50 145.50 145.50 146.50 146.50 151.00 1 lots of 1 5 \$10/inde Previous 1286.0 1387.5 1404.0 DETABLIS IN Spania chs and ne more wid popules of 1 5p a half i (\$1.00.1.5 and standard	140.50 13 145.00 14 145.00 14 145.00 14 145.00 15 145.00 15 15 16 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	8 00 2.00 20.0 20.0 20.0 40.0 40.0 40.0
bber (RC. RSS No 1 June conut oli [Philippnes]§ m Oli [Malaysean]§ pra [Philippnes]§ pra [Philippnes] May/Jun. z-Aug. y-Jun/J prage [atsisce otherwise penis/]b. r-ringgif/g. u- May/Jun. z-Aug. y-Jun/J prage [atsisce otherwise penis/]b. r-ringgif/g. u- May/Jun. z-Aug. y-Jun/J prage [atsisce otherwise penis/]b. r-ringgif/g. u- May/Jun. z-Aug. y-Jun/J prage [atsisce otherwise prage [atsisce othe	\$330s \$440 0 \$440 0 \$440 0 \$440 0 \$5355 5171 67.00c 8550p stated, p-pen July, x-May/July,	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mary Aug Turnov 223 (Sep Parsi- Dec 14 GAS Of Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	249.00 245.00 245.00 245.00 245.00 249.00 251.00 25	248.30 244.90 244.90 244.90 250.00 251.00 252.50 036 [1256] k r per tonnel 155. May 146 Previous 139.50 143.00 148.00 148.00 148.00 107.20 103.70 103.00 110.25 112.50 Previous	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 1437. Oct 15. Aug 1475 140.25 139.25 140.50 139.00 141.75 141.25 142.51 142.52 142.50 145.25 144.25 146.25 100 tomnes 107.40 107.25 103.70 103.40 107.40 107.55 110.00 100.75 110.20 110.20 110.50 110.50 110.50	White 1425,	SOYABEAN Aug 1 Oct 1 Dec 1 Free 1 Apr 1 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7 Turnover: 7 Apr 1 Summer h a lb (75-90 act 1 Syravborus FF Stravborus	# MEAL 100se 44 00 39.00 39.00 44.00 42.50 47.00 42.50 47.00 233.0 335.0 335.0 335.0 335.0 335.0 345.	Previous 147.00 143.50 144.50 144.50 144.50 145.50 148.50 151.00	140.50 13 145.00 14 145.00 14 145.00 14 145.00 15 145.00 15 145.00 15 155.0 12 156.0 13 156.0 13 156.0 13 156.0 13 156.0 13 156.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0 40.0 40
bber (IC. RSS No 1 June conut oil [Philippnes] m Oil [Malaysen] pra [Philippnes] pra [Phili	\$330s \$440 0 \$440 0 \$440 0 \$5355 \$171 67.00c \$550p stated. p-pen July, x-May/, ut. 146al consumer and the stated properties and contact an	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mar Mar Aug Turnov 223 (86 Para- Dec 14 GAS Ol Sep Oct Nov Turnov GRANS Wheat hy Sep Nov Mar Mar Mar Mar Mar Sep Oct Nov Turnov GRANS Wheat Sep Oct Nov Turnov Sep Oct Nov Turnov Sep Oct Nov Turnov Sep Oct Nov Turnov Sep Oct Nov Sep Oct Nov Sep Nov Nov Sep Nov Nov Nov Nov Nov Nov Nov Nov Nov Nov	249.00 245.00 245.00 245.00 245.00 251.00 251.00 251.00 251.00 6F: Raw is 80 White (FF) 30, Mar 1 40 25 140.25 141.25 144.50 147.25 144.50 167.40 103.40 105.30 107.55 112.00 Close 107.50 112.00 Close	248.30 244.00 244.00 244.00 250.00 251.00 252.50 036 [1256] k r per tonne] 155. May 146 Previous 139.50 145.00 145.00 145.00 165.70 105.00 105.00 102.55 112.50 Previous	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 25 139.25 26 144.25 26 144.25 26 144.25 27 148.25 28 144.25 28 14	White 1425,	SOYABEAN Jun 1 Aug 1 Oct 1 Feb 1 Apr 1 Turnover: 1 Turnover: 7 Tu	# MEAL 10se 44 00 39.00 39.00 42.50 45.30 30 1527 UTURE! 10se 223.0 324.0 335.0 350.0 350.0 350.0 350.0 350.0 350.0 350.0 350.0 350.0 350	2/tonne Previous 147.00 145.50 145.50 145.50 145.50 145.50 155.00 7 lots of 1 5 \$10/inde Previous 1285.0 1386.0 1387.5 1404.0 22/TABLE more wid popules of 1 5p a half i (\$1.00-1.5 and stable cellicious 3 are down in Prince grown sur y Royals i, Importes.	High/Low 140.50 13 145.00 14 145.00 14 145.00 14 145.00 15 145.00 15 15 16 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	8 00 2.00 20.0 20.0 20.0 20.0 40.0 40.0 40
beer (IC. RSS No 1 June conut oil [Philippnes]5 Im Oil [Malaysen]9 pra [Philippnes]5 yabeams [US] World St & Po The Financial Times p this servi 27th June for a full editoria advertisement details CLARE: en OI-248 800 or write 10 Bracken [10 Cannot EC44 4	\$330s \$440 0 \$440 0 \$440 0 \$5355 £171 67.00c \$550p stated. p-pen July, x-May/July, x-May/J	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mary Aug Turnov 223 (Si- Parain Dec 14 GAS Of Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	249.00 245.00 245.00 245.00 245.00 249.00 251.00 251.00 251.00 6F: Raw 1 89. White (FF 30, Mar 1 4 50: 140.25 141.75 140.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 141.75 142.25 142.	248.30 244.90 244.90 244.90 250.00 251.00 252.50 036 [1256] k r per tonnel 155. May 146 Previous 139.50 149.00 148.00 148.00 148.00 109.00 110.25 112.50 Previous 100.80 103.16 105.70 107.70	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 140.75 140.25 14	White 1425,	SOYABEAN Aug 1 Oct 1 Dec 1 Free 1 Apr 1 Turnover: 1 Turnover: 7 Tu	# MEAL 100se 444 00 39.00 39.00 442.90 442.90 442.90 442.90 442.90 442.90 442.90 442.90 103.9	Previous 147.00 145.50 146.50 146.50 146.50 146.50 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 151.00 152.00 153.00	140.50 13 145.00 14 145.00 14 145.00 14 145.00 16 145.00 16 145.00 17 1250.0 12 1340.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13 1345.0 13	8 00 2.00 2.00 20.0 20.0 20.0 40.0 40.0 40
beber (RC, RSS No 1 June conut oil [Philippnes]5 im Oil [Malaysian]9 ipra [Philippnes]5 i	\$330s \$440 0 \$44	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mary Aug Turnov 223 (86 Para- Dec 14 Para- Dec 14 GAS Of Sep Oct Nov Turnov GRAINS Wheat Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	249.00 245.50 245.50 245.50 2251.00 22	248.30 244.90 244.90 244.90 250.00 251.00 252.50 036 [1256] k r per tonnel 155. May 146 139.50 139.75 141.50 143.00 148.50 168.00 107.20 103.70 108.00 110.25 112.50 Previous 103.16 105.70 107.70 110.00	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 143.75 140.25 14	White 1425,	SOYABEAN Aug 1 Aug 1 Oct 1 Feb 1 Apr 1 Turnover: FRESONT F SUMMER 1 Aug 1 Oct 1 FRESONT F STENDIT Aug 1 Aug	# MEAL 100se 44 00 39.00 39.00 44.00 42.50 47.00 47.00 30 (527 47.00 335.0 335.0 335.0 335.0 335.0 335.0 335.0 335.0 335.0 335.0 345	Previous 147.00 143.50 144.50 144.50 144.50 145.50 148.50 148.50 151.00 151.00 151.00 151.00 151.00 152.00 1387.5 1404.0 1387.5 1404.0 1387.5 1404.0 1387.5 1404.0 1387.5 1404.0 1387.5 1404.0 1387.5 1404.0	High/Low 140.50 13 145.00 14 145.00 14 145.00 14 145.00 16 100 tonnes. x point High/Low 1250.0 12 1340.0 13 1346.0 13 1365.0 13	8 00 2.00 2.00 20.0 20.0 20.0 20.0 40.0 40
beer (IC. RSS No 1 June conut oil [Philippnes] m Oil [Malaysian] pra [Philippnes] pra [Phil	\$330s \$440 0 \$44	-5 + 2.5 -4 -0.45 ca/kg. IJI. I-Jun. III. III. III. III. III. III. III. II	Aug Oct Dec Mar Mar Aug Turnov 223 (86 Para- Dec 14 GAS Ol Jun Jun Jun Aug Oct Nov Turnov GRAINS Wheat Ty Sep Nov Jan Mar May Mar May May Mar May May Mar May May May May May May May May May May	249.00 245.50 245.50 245.50 2251.00 22	248.30 244.90 244.90 244.90 250.00 251.00 252.50 036 [1256] k r per tonnel 155. May 146 139.50 139.75 141.50 143.00 148.50 168.00 107.20 103.70 108.00 110.25 112.50 Previous 103.16 105.70 107.70 110.00	250.00 247.00 244.00 243.50 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 248.00 140.75 140.25 14	White 1425,	SOYABEAN Aug 1 Aug 1 Oct 1 Feb 1 Apr 1 Turnover: FRESONT F SUMMER 1 Aug 1 Oct 1 FRESONT F STENDIT Aug 1 Aug	# MEAL 100se 444 00 39.00 39.00 442.90 442.90 47.00 30 1527 17.00 334.0 332.0 322.0 320.0	Previous 147.00 145.50 146.50 146.50 146.50 146.50 146.50 151.00 151.00 151.00 151.00 151.00 151.00 1356.0	High/Low 140.50 13 145.00 14 145.00 14 145.00 14 145.00 15 High/Low 1250.0 12 1340.0 13 1346.0 13 1346.0 13 1365.0 13 1365.0 13 1365.0 13 1365.0 13 1365.0 13 1365.0 13 1365.0 13	8 00 2.00 2.00 20.0 20.0 20.0 20.0 40.0 40

ONDON	META	L EXCH	ANGE	_	(Prices au	pplied by Ame	kozmate	ed Med	at Trading	US	MA	RKET	S	
	Clos		Previous	High/Low					Interest			PLATINUM		d etes
Juminio	n, 98.7%	purity	\$ per tonne)					<u> </u>	1,700 tonne			ring and c		
ash months	3110- 2400-		3000-20 2405-25		3015-35 2400-20	2430-56	,	4,477	lots	buying	. but fai	iled to per ports Drex	etrate n	ear-tr
وارزاست	n,99.5%	purity (S	per tonne)		-	Ref	ng turno	wer 10	.900 tonne			fluctuated		
ash	1645-		1565-90	1602	1600-2							esing with failed to r		
months			1272-3	1289/1266	1271-2	1268-9			0 lots	eignific		overy. Co		
		(E per to				Rir	ng turns	wer 56	1,500 tonne			rt-covering		
ash months	1274-		1265-70 1095-7	1280/1273 1114/1105		1113-4		69.53	3 lots			ions in the av futures		
opper, S	landard	∫£ per t	onne)				Ring t		r 25 tonne			d rellied o		
ash	1140		1140-70	1186	1140-60					buying		fell eharp		
arthrom	1075-		1060-70		1075-85			45 lo	13			lative long esponse to		
		ine ounc					Rin	g turn	over 0 ozs			n seiling. (
ash months	657-9 668-7		662-4 674-6		653-6 665-8	865-70		650 H				Sugar four		
o 31 bes	er tonne)					a turno	_	,458 tonne			ade buying rhead resi		
esh	398-4		398-400		390-5							eding. Cat		
months	356.5		355-6	357/348	348-0	354-5		11,85	1 lots			klustre wi		
ickel (\$;	_					ni hi	ing turn	over 1	,980 tonne			ash prices ass. Profes		
esh months	16300 13550		16300-7000 13800-900	16690 13900/136	16600-70 00 13750-85			6.339	lata			sure in the		
inc (£ pe				10000	10750-0				.850 tonne			in for the		
ash	686-9		670-5	673	673-4	- run	A music	VOI 10	- OFFICE U.C.O.			ressure fro		
months	631-3		629-30	635/630	632-3	630-1		20.56	lots			ntual supp		
											e U.S.S.	R. may bu	ıy Argar	ıtiniar
DTATOE	Close	Previo	- Webs		LONDON IN	ILLION MARK	47			meal.				
ov.	89.9	92.0	us. High/Low		Gold (fine oz	S price	3	equiva	lent	HE	w Yo	HK.		
ab de	162.0	102.0			Close Opening	4531 ₂ -454		312-24		GOLD 1	00 troy oz	: \$/troy oz.		
	133.3 143.0	134.3 144.0	135.0 132.0	0	Morning fin	452 ¹ 2 -453 453	24	13-248 ¹ 13-267	2		Close	Previous	High/Lo	w
<u> </u>	_		100 tonnes.		Atternoon fix Day's high	453.26 454-454 ½	24	3.382		May	454.1	454 4	0	0
DYABEA	N MEAL	Ûlonne			Day's low	450 2-451				Jun Jul	454.1 456.3	454.8 457.3	455.6 0	452. 0
	Close	Previo	us High/Low		Coins	S price	3	ефиту	Jent	Aug	458.7 483.6	458.6 463.6	459 6 464.2	458. 462.
	144 00	147.00			US Eagle Mapieleal	467-472 467-472		1-254		Dec	468.7	466 6	469.5	465.
	139.00 140.00	143.50 144.50	140.50 138	00	Gritannia	467-472	25	1-254		Feb Apr	474.0 479.5	473.9 479.2	474 O O	474. 0
	142.50	148.50	145.00 142		Krugerrand 1/2 Krug	452-455 236-245		24-24 64-13		Jun	485.1	484.7	454,9	484.
_	146.30 147.00	148.00 151.00	145.00		1/4 Krug	117-125 465-470	82	3-67 L		PLATINI	74 50 tro	y oz: \$/tray o	z.	
KITIOVOC:	130 527	7 lots of	100 torines.		Angel 1/10 Angel	47-62	25	4-272			Close	Previous	High/Lo	w
ESOUT F	UTURE	S 510/Inc	lex point		New Sov. Old Sov.	100 % - 107 %		4-58 4-58		Jun Jul	580.0 584 0	579.4	580.0 589.6	580. 575.
	Close	Previou	us High/Low		Noble Plat	589.65-96.45		6.75-20		Oct	589.6	584.9	594.0	580,
	1233.0	1265.0	1250.0 123	0.0						Jan Apr	595.\$ 602.5	590.4 596.9	600.5 602.0	589. 595.
	1324.0 1325.0	1350 0 1356.0	1340.0 132 1345.0 133							Jul	0.609	603.4	0	0
or 1	345.0	1387.5	1385.0 134		Silver Itx	p/fine oz		COS (QUIV	SELVER	5.000 tray	oz, çents/tra	oy oz.	
7	392.0	1404 0			Spot	352.95 359.55		7. 0 0 9 .10			Close	Previous	High/Lo	IN
mover:	703 1475	ii	-		3 months 8 months	366.90	66	2.05		May	661.0	659.2	663.0	656.
					12 months	384.40	71	2.30		Jun Jul	001.9 666 0	680.3 664.5	650.0 669.0	680. 636.
THE A	WO WE	ETABL	re-							Sep	674.9	673.3	678.0	667.
			a like apricots 6	5-85o	LONCON MET	AL EXCHANGE	E TRAD	- C	TVOME	Dec Jan	889.4 894.0	687.8 692.4	692.0	682.
			nectarines 20-3; dely available,	5p	Alumbahan (9		Calls		Puts	Mar	704.1	702.5	705.5	696.
eports Fl	FVIS. Su	ipplies d	both imported		Strike price 5			_	ly Sept	May Jul	714.2 724.9	712.6 723.3	712.0 0	712
			l lb (55-85p) and .50) are improve	' '	2250			12 6	144	Sep	735 B	734.2	•	0
pple pri	ces rem	ein stabl	e - Cape and No	TW .	2400		281 14	15 26	224	COPPER	25,000 Ib	os; cents/ibs		
			30-50 paib. Ne 10 15-25 ge ib	- 1	2550		174 9				Close	Previous	High/Lo	N
20-32p) k	or Sritta	nt Prince	spuds. 18-28p	. 1	Aluminium (99		Calls		Puts	May	98.80	67.45	99.25	97.0
			upplies and 20-2 . Caulifowers a		2250 2400		384 19 254 1:		141 222	Jun Jun	85.60 90 00	82.05 89.55	0 91 00	0 69 7
35-75p	25-55p)	, importe	ed courgettes 55 asparagus £1.3	195o a	2550		150 8			Sep Dec	86 60 81.30	85.00 83.10	60.90 83 60	86.0
			sh iceberg lettu		Copper Grade	2 A)	Calls		Puts	Jan	82.30	82.20	0	83.2 0



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Australian \$ hits 80 US cents

THERE IS no doubting the market's fascination with the Austrafirm yesterday, but showed little
freedign to confusing data on US
several attacks on the target
level of 80 US cents (A\$1.25 per
US dollar) vesterday.

The US currency remained
from yesterday, but showed little
freedign data on US
growth and inflation.

An upward revision to 3.9 p.c.

An upward revision to 3.9 p.c.

CMP growth in the first quarter.

trend remains strong.

The strength of the Australian dollar is part of the present demand for high yielding curren-

mini Budget, and the comment by Mr Paul Keating, the Australian Treasurer, that a strong currency would help to reduce inflation.

Sering tended to move in line was unchanged at 33.2.

Sterling tended to move in line with the dollar Trading was

n closed at 79.95 US cents in Tokyo, and then weakened further in early London trading, before making another attack on 80 cents before lunch, and closing at 79.75 cents (A\$1.2540 per US dollar).

Sterling tended to move in line with the dollar. Trading was quiet, awaiting today's publication of the April UK trade figures.

The City is expecting a visible deficit of about £1bn (£854m in the city is expecting a visible deficit of about £1bn (£

dollar).
High interest rates are also a major factor supporting the Australian dollar, which is all part of the general attraction of high yielding currencies at present. Others included in this group are the US dollar and sterling. US interest rates are relatively high, after a recent tightening of monetary policy by the Federal Reserve.

£ IN NE	W YO	RK		
Hay 26	Lates			Previous Close
E Sport 1 month 3 months 12 months	1.8620-1 par-0 0.10-0 0.96-0	01.ds. 07mm 88mo	000	25-1.8635 .02-0.01ds .09-0.07pm .85-0.75pm
STERLII		DEX		
		Mag	26	Previous
8.50 am 9.00 am 10.00 am 11.00 am 1.00 pm 2.00 pm 3.00 pm 4.00 pm		78. 78. 78. 78. 78. 78.		783 783 783 783 783 783 783 783

CURRENCY RATES

C03

?Gicted

.

Sterfing	0,736664 1,37410 1,70814 16,4425 48,7428	0.655143 1.21988 1.50801 14.6507
Dentsche Blark	8.90554 2.33913 2.61903 7.89833 1736.10 170.804 8.50568 154.551 8.12505 1.95370 187.485	43 4093 7,94200 2,08343 2,33245 7,03136 1547,29 151,899 7,56750 137,626 7,23142 1,73893 166,892 0,778722

CURRENCY MOVEMENTS

May 26	Bank of England index	Morgan ** Guaranty Changes *4
erting S Dollar	78.3 96.2 80.1 137.8 100.0 42.0 147.1 172.4 136.5 71.6 267.4	14.5 13.7 51.0 81.0 81.0 81.0 81.0 81.0 81.0 81.0 8
Morgan Guaranty cha at of England Index (E		1982 - 100 15 - 100 - 124

OTHER CURRENCIES

May.26	£	3
Argentina	12.9090 - 13.0720	6.9800 - 7.0200
Australia	2.5330 · 2.3360 . 294.90 · 296.55	1,2535 1,2545 158 65 159,25
Fieland	75210 - 75325	4.0105 4.0425
Hong Kong	252.30 · 256.65 14.5435 · 14.5571	7 81 40 - 7.8160
Lad word -	125.10°	66.50°
Korea(Sth)	1358 90 - 1371.20 0.51100 - 0.51150	732.80 - 738.80 0.27460 - 0.2747
Lummbourg	66 25 66 35	35 55 35 45
Malagala	4.8065 4.8170 4246.80 4257.70	2.5840 - 2.5860 2282 00 - 2292.0
M. Zestani	2 6455 - 2 6705	14325 1.4350
Saudi Ar Singapore	6.9785 - 6.9945 3.7540 - 3.7585	3.7500 - 3.7510 2.0160 - 2.0180
S. AI (CIR)	4,1385 4.1490	2,225 2,2290
S. Af (Fu)	5.4360 - 5.5080 53.20 - 53.45	2,9195-2,9850 28,55-28,65
STATE SALES	33.20 . 33 43	

	"Selling rate	
	all diseases	
UAE	6 8345 - 6.8400	3,6725 - 3,6735
Taiwan	53.20 - 53 45	28.55-28.65
S. Af (Fa)	5.4360 - 5.5080	29195-2985
S. Af (Cm)	4.1385 4.1490	2,2235 2,228
Slagaport	3 7540 - 3.7505	20160 - 2018
Sandi Ar	6.9785 - 6.9945	3.7500 3.7510
N. Zestant	2 6455 - 2 6705	14325 1.4350
Mexico	4246.80 - 4267.70	2282 00 - 2292.
Malagala	4 B065 4 8170	2.5840 - 2.5860
Laurembours	66 25 66 35	35.35
Kmat	0.51100 - 0.51150	0.27460 - 0.2747
Korea(Sth)	1358 90 - 1371.20	732.80 738.8
F30	125.10	66.50°
Hong Kong	14.5435 14.5571	7 E140 - 7.8160
Greece	252.30 · 256.65	135 50 - 137 X
Fieland	75210 75325	1,0105 4,042
Br2211	. 294.90 - 296.55	158 46- 159.2

MONEY MARKETS

UK rates firmer

INTEREST RATES were a little higher in London yesterday, as investors showed concern ahead of £156m, comprising outright purchases of £95m of eligible bank bills in band 1 at 7% p.c. and £8m in band 2, also at 7% p.c. in also arranged sale and repurche day, three-month interbank money was quoted at 7% 7½ p.c., while the one year rate rose to 8%-8% In the afternoon, a further revision took the forecast to a short-

the one year rate rose to 8%-8%
p.c. from 8[1-8]; p.c.
Overnight money opened at 7%-7% p.c. and traded between a high of 8 p.c. and a low of 7 p.c.

UK classing best tose tending rate 7½-per cost town May 18

The per cost to 8 %-8% in the afternoon, 2 intriner system to the forecast to a short-age of £800m, and the Bank gave help of £255m, of which £248m comprised outright purchases of £3m of Treasury bills and £239m of eligible bank bills in band 1 and £7m of eligible bank bills in band 2, all at 7% p.c. It also arranged sale and repurchase

The Bank of England forecast a money market shortage of around £900m, with factors affecting the market including repay-ment of late assistance and hills maturing in official hands, together with a take up of Treasury hills, draining £885m. Exchaquer transactions took out a further £55m while banks brought forward balances \$45m below tar- p.c., and on seven day repurchase get. In addition there was a rise in the note circulation of £120m. To help alleviate the shortage. the Bank offered an early round of assistance, which totalled £179m and comprised sale and repurchase agreements at 72 p.c., unwinding on June 14.

The forecast was revised to a shortage of around £850m, before taking into account the early with the called help, and the Bank gave addition 2 p.c.

level of 80 US cents (A\$1.25 per US dollar) yesterday.

Although it failed to establish from an earlier estimate of 2.3 itself abova 80 cents, this was largely the result of profit taking after the recent rise. Sentiment p.c. in the implicit price deflator, from the previous 2.4 p.c. was previous 2.4 p.c. w encouraging.

Whether the price deflator is a

particularly good guide to infla-tion was doubted however, and in Tokyo was said to be obsessed impressed with the Australian dollar, and at one time the currency moved slightly above 80 US cents in Far East trading.

This followed a favourable reception for the Australian mini Budget, and the comment SFT1.4245.

deficit of about £1bn (£854m in March), and a current account

THE THEODERM CHEDENCY HATT DATES

	Central central rates	Corrency Amounts May 26	% change from central rate	% change adjusted for divergence	Diengrace Sept. %
leian Franc nish Krone rume D-Mark each Franc nch Galider hit Park	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58	43.4093 7.94200 2.08345 7.03336 2.33265 0.778727 1547.29	+2.24 +1.14 +1.21 +1.84 +0.57 +1.34 +4.29	+0.84 +0.26 +0.19 +0.44 +0.63 +0.40	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752

May 26	Clay's spread	Close ·	One mouth		Three	94 B.A.
US Cenade Retherlands Retherlands Redyum Denniark Ireland W. Germany Portugal Soalin Italy Italy Source France Japan Austria Switzerstand	1.85% - 1.8640 2.3024 - 2.3020 3.3554 - 3.565 66.10 - 66.50 12.114 - 1.214 1.1870 - 1.1905 28.55 - 260.10 27582 - 216.40 27582 - 216.40 27582 - 216.40 11.674 - 11.664 2714 - 274 27.33 - 274 27.33 - 274 2644 - 2464	1865-1865 2305-2306 2305-2365 2305-2369 66-2-66-3 12124-12134 1895-11905 3174-3185 299.00-389.00 209.00-209.10 23604-23614 11.55-11.054 11.054-11.054 2214-224 2238-2238 2444-2554	O.Catis O.Gicpan O.27 - G. Sholik 1 is 1 cpm 1-6 parcpm 1-6 parcpm 1-7-1 lisedis O.G.O. Elledis O.G. Elledis O.	-0.03 -1.67 -1.23 -0.55 -0.55 -0.55 -0.57 -2.80 -2.80 -2.80 -2.98 -3.24	0.09-0.04pm 0.80-0.92ph 33-1-2 ppm 37-17pm 34-53-54bs 0.16-0.25ds 34-35ms 244-350bs 144-157-65 144-157-65 2-17-18-65 2-18-65 2-18-65	614 -1.49 3.51 -1.42 -4.71 -4.69 -2.43 -5.21 -5.21 -2.40 -2.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May.26	Day's spread	Chese	One month	94.	Three months	94.	
UK?	1.8595 - 1.8640	1.8625 - 1.8635	0.0245-0.01cm	-0.03	8.09-0.04pm	0.14	
hetanit	1,5640 - 1,5680	1.5670 - 1.5680	0.08-0.13cds	-0.80	0.25-0.3948	-0.83	
Canada	1.2345 • 1.2425	1,2370 - 1,2380	0.16-0.19mis	-1.70	0.49-0.52ds	-143	
Netherlands	19095-19145	1.9105 1.9115	0.53-0.51qpq	3.76	1.61-1.57pm	3.33	
Belgian	35.50 - 35.65	35.55 35.65	5-3cm	1.35	15-11sm	1.46	
Deseroark	6.504 - 6.52	6.51 - 6.51 4	0.65-1.35orde	-1.84	2 20-2 90ss	-1.57	
N. Germany :	1.7050 - 1.7100	1.7060 - 1.7070	0.57-0.54p/pre	3.90	1.71-1.67(00)	3.76	
ortugal	1384 - 1384	1384 - 1385	40-55cdks	-4.09	130-13066	4.45	
main	112.70 - 112.95	112万-11265	25-35cds	-3.19	65-75dk	-2.48	
y	12654 - 12694	12674 - 12674	2.30-3.30kbed6	-2,65	7.80-8.80ms	-212	
lorsey		6.20 - 6.20 %	2.60-2.95amsk	-5.37	3.15-8.556s	-5.38	
TENT	5.75-5.77	575-575%	0.05ds-0.15cpm.	-0.10	0.30ds-par	-0.10	
medes	5.92 - 5.93 4	5.934 - 5.934	1.35-1 65 med k	3.04	2.90-4.30dk	-243	
300m	124.30-124.70	124.35 - 124.45	0.34-0.32	3.18	1.05-1.01	3.31	
BOTTON TOWN	12:00-12:02	12,004 - 12414-		3.45	. 10.75-9.75pm	3.41	
marchand	1.4205-1.4270	I 4235 - 1.4245	0.57-0.530	-463.	1.73-1.68pm -	4.78	

EURO-CURRENCY INTEREST RATES

May 26	Short	7 Days	Month	Three Mosths	Sh: Morths	Shr. Year
erting	747-84 747-84 747-84 747-84 747-84 64-53-84 64-53-84 64-53-84 64-53-84	74-74 84-83 34-34 24-227 31-34 30-94 64-63 411-46 84-63 411-46 84-63 411-46	74-74 74-74 88-83-74 88-83-74 88-83-74 88-83-74 88-83-74 88-83-74	74-75 74-83 94-33 28-33 100-10 64-4 94-8 74-73	8775 47377 55 65 4 677 8775 47377 55 65 4 677 8775 6775 6775 6775	### # 15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1

•	EXCHA	NGE (CROSS	RATI	ES							CURRE	NCY FUT	URES	
	May.26	£	5	OM	You	F Fr.	S Fr.	H FL	Lira	CS	0 Fr.	LIFFE-ST	LIFFE-STERLING \$25,850 S p		
	£ 5	0.537	1.863	3.180 1.707	231.8 124.4	10.72 5.754	2653 L424	3.560 1.911	2%) 1267	2.306 1.238	64.30 35.59	Jan Sea Dec	1.8614 1.8604 1.8584	tigk	
	YEN	0.33A 4.314	0.586	13.72	72.87 1000.	3,371 46.25	0.834 11.45	11119 15.36	742.5 10186	0.725	20 85 294.0	Estimated	Volume 0:00	100(100)	
	F Fr. S Fr.	0.933	1738	2.966 1.199	216.2 87.37	10.	2.475	끯	2202 889.9	2151	6L85	700NB-5 G	MEEN EXC	CANCE	
			-		_	-		,	663.2	0.646		1.8630	1.8629	3-arth 1.8624	
	H FL	0.424	器	1.347	98.18	1500	1.124	1508	1000.	0.977	28.62 28.68	100 m 30	3 m # 200		
	C S B Fr.	8.434 1.508	0 808 2.830	1.579 4.796	100.5 349.6	4,649 16.17	1.150 4.002	1.544 5.370	3541	3,478	28.75 100	Jun Sep Dec	Latest 1.8640 1.8620	18640 18640	
•	Yen per 1,00	0: French	Fr. per 10	Lies per	1,000: Be	gin fr. p	er 100.					1 25	1.8584	1.8584 1.8584	

FT LONDON INTERBANK FIXING

(11.00 a.m. May.26) 3 months US dollars			6 months US Dultury			
bid	72	offer 7.	bef 79	offer 75		

1-main 3-mile 6-mile 12-mile 18629 18624 18605 1855

Latest Kirch Loss Pres. 1.8640 18640 1.8546 1.8646 1.8620 1.8620 1.8582 1.8626 1.8584 1.8584 1.8580 1.8616

EW YORK unchtime) her loar rate thanks thanks thanks thanks thanks	9 1	Treasury Bills and Bonds 5.79 Three year Two month 6.25 For year Three year 7.45 10-year Three year 3.22 30-year 3				
May.25	Desnight.	Ote Month	Two Moreks	Three Months	Six Months	Local
ekteri	320-330 74-73 14-73 38-44 38-44 38-44 38-50 44-70 44-7	3.5-3.45 71-73- 24-25 38-45 18-315 18-114 6-54 6-74	335-350 74-74 74-74	3.653.50 77-775 24-25 44-45 3.6875 104-114 62-63 74-73	3.65-3.80 71-71	47.

arranged sale and repurchase agreements on £7m of bills at 7£ p.c., unwinding on June 14. Late help came to £180m, making a total of £770m. LONDON MONEY RATES

by a quarter of a point. The intervention rate was reduced to 7 agreements to 7% p.c.

Dealers pointed out that some form of reduction had already been broadly hinted at by Mr Treatery Bills feetly one-month 7 å per cent; three months 7 per cent; Bank Bills Bellit one-month 7 å, per cent; three months 7 per cent; Bank Bills Bellit one-month 7 å, per cent; three months 7 å, per cent; Treatery Bills; Average tenter rate of discinct 7 i.B.13 o c. DEGD Franci Rest Starting Export if month line on day Amilia 7. 1988, Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 50 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 p.c. Scheme it 9 72 p.c. Scheme it 8 iii. 9 p.c. Scheme it 9 p.c. Scheme it 9 72 p.c. Scheme it 9 p

Pierre Beregovoy, Franch Finance Minister, on Wednesday. In addition however, the Bank raised the minimum reserve requirement on commercial banks' savings book deposits with the central bank to 25 p.c. FINANCIAL FUTURES

Gilts nervous and weak

UK GILT futures finished at the US Treasury bond prices the start and 85-25 on Wednesday's lows on London's futures opened on a slightly firmer note, day.

market yesterday. A softer tone and showed little initial reaction

in US bonds and nervousness ahead of UK trade figures, encouraged many investors to take profits and stay on the side-lines.

Trading was extremaly subdued during the morning, and after starting at 120-17, unchanged from the previous close, the June contract lost ground during the day to finish at a low of 120-06.

and showed little initial reaction to US GNP revisions for the 1st quarter of 1988. Although inflation worries on the price deflator were relieved by a 1.7 p.c. increase against 2.4 p.c. previously, a rise of 3.9 p.c. against 2.3 p.c. in GNP growth, increased concern that the Fed would have to tighten its monetary stance.

Consequently tha June bond price fell from a high of 85-31 to finish at 85-18, down from 85-28 at Much of the pound's recent strength has been a result of the D-Mark's weakness, and does not indicate any new wave of confi-dence towards sterling, according to Barclays Bank. Barclays adds that in such conditions it is possible to imagine that the anthorities opposition to

further sterling gains vis-a-vis the D-Mark will become less apparent.

This in turn means the Bank of

England may be better able to withstand pressure for a further cut in bank base rates.

The pound rose to DM3.1800 from DM3.1775; to Y231.75 from Y231.50; and to FFr10.7175 from Y231.50; and to FF10.7175 from Y231.50; and Y231. FFr10.6950, but eased to SFr2.6525 from SFr2.6550. LIFFE 6/5 OPTIONS C25,000 (conts per £1)

Sterling closed unchanged against the dollar at \$1.8630, and its exchange rate index, accord-ing to the Bank of England, was unchanged throughout the day at

ter further upward pressure, but the market has begun to question

the authorities' reaction to a further rise, particularly against the

LONDON (LIFFE)

Estimated Volume 19661(13697) Previous day's open lat. 34180(33602)

mated Volume 0(382) four day's open int. 2343(2343)

Estimated Volome 439(496) Previous day's open ast, 858(871)

Est. Vol. flac, figs. ant shows 607564500 Previous day's open inc. 35744349751

177.20 177.70 176.80 177.90 178.50 178.90 178.45 179.20

LIFFE EUROPOLLAR OPTIONS Circ points of 180%

18.65 15.70 14.20 7.20 2.60 0.45 0.30 CHICAGO

STANDARD & PORES 500 DIREX \$500 times intex

Three month Euro dollar

futures acted in much the same way, opening at 92.34 for June delivery and slipping to 92.30 at

While sentiment in gilt futures

was affected by a weaker US

bond market, short sterling

prices finished slightly up on the day. The June price finished at 92.15, up from 92.12 at the start and Wednesday's close.

0 8125 0 8125 0 8125

the close, down from 92.36.

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Prices taken at 5pm and change is from previous close at 9pm

the financial course the second and the second and the second and the second and All of these securities having been sold, this announcement appears as a matter of record only.

The Notes may not be offered or, in connection with their distribution, sold in France, nor may the Offering Memorandum or any other document relating to the Offering Memorandum be distributed in France.

New Issue / May, 1988



\$225,000,000

Banque Nationale de Paris, **New York Branch**

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US\$75,000,000 Floating Rate Notes 1987/1990/1994 and Floating Rate Notes 1990

Notice is hereby given that, in accordance with Clause 5(b) of the above Notes, Banque Nationale de Paris will exercise the option to redeem all the outstanding Notes (including Notes in relation to which the Second Retraction Option has been exercised) at their principal amount on 14th July, 1988 when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender of the Notes with all unmatured Coupons attached, at the offices of any Paying Agents mentioned thereon. Accrued interest due on 14th July, 1988 will be paid in the normal manner

> Samuel Montagu & Co. Limited Agent Bank

To the Holders of

COLLATERALIZED MORTGAGE OBLIGATION TRUST TWENTY

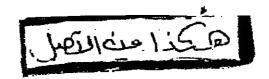
Class A Floating Rate Bonds Due February 25, 2017

Pursuant to the Indenture dated as of February 6, 1987 between Collateralized Mortgage Obligation Trust Twenty and Texas Commerce Bank as Trustee, notice is hereby give 0 that the interest rate applicable to the above Bonds for the interest period from May 25, 1988 through August 24, 1988 as determined in accordance with the applicable provisions of the Indenture, is 8.0625% per annum.

COLLATERALIZED MORTGASE OSLIGATION TRUST TWENTY

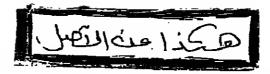
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ACROSS 1 Branded, princess is to retire and paint (5-6) 7 Reckoning I am Latin (3) 9 Points of view of parties (5) 10 Poor paper said to leave no 5 Somehow one's happy to get abunch of flowers (7) 6 Means to raise fruit first to get cider-brandy (5-4) 7 Believing in the gnome? (6) 8 Aintree favourite overthrown	The control of the
trace (9) 11 Oz water for campers going by air? (9) 12 Wise man of Lytham (5) 13 Could be Monday's energetic sorts (7) 15 Verily! Right for a time (4) That's unpleasant! (6) 14 The atom split, England's firs peak look decrepit (4-5) 16 In French channel, dig in (8) 17 Lad hopes fitfully for Lily (8) 19 Material for lashes applie with rod (7) Claude with rod (7)	Servin int GD inc. 202.0 214.9 32.0
18 Check the stock (4) 20 Profit – thanks to two books of account (7) 23 Right to hunt and drive away (5) 24 Laconic wit impairs Henry in Romney, for example (4-5) 26 Claude, we hear, is equippe like an eagle (7) 27 Sharpness of chaps after a copper (6) 28 Spring devices, say, for metric mould (6) 29 Niggard is in the water off Ca	Dealing Time, sWed, Time, Prices May 94/25/26 Briton Steplay & Ch List (ANS) Briton Steplay
26 Market having dropped a point, a win is unlikely for Clemens (4.5) 27 Sitting in church (5) 28 Watch out for the water-sprite! 28 Watch out for the water-sprite!	Conv. & Convers. 24.9 26.2 7.00 26.2
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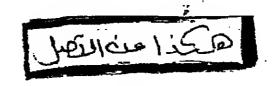


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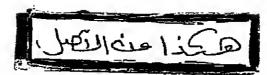
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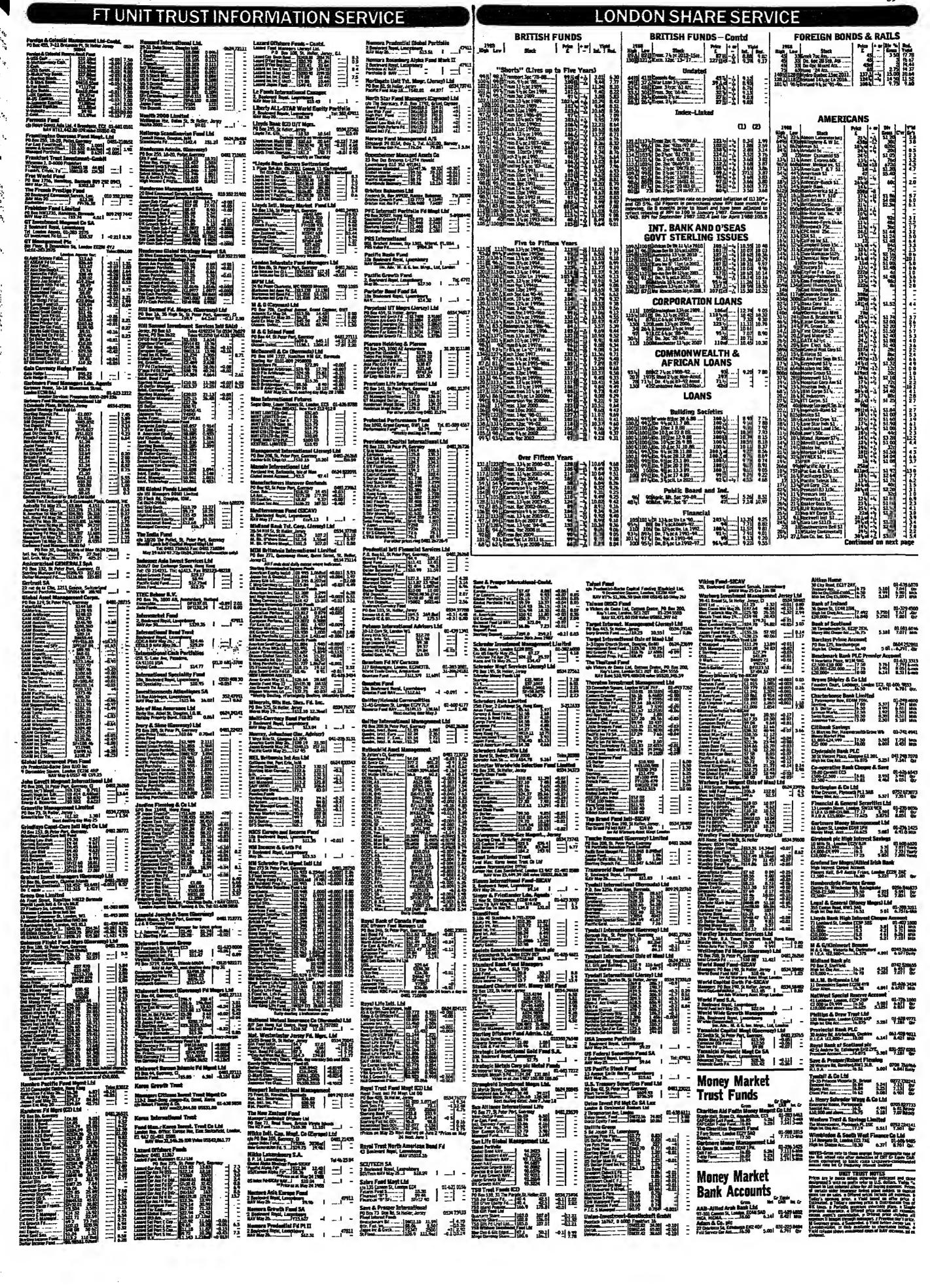
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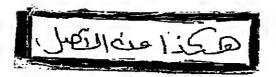
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Financial Times Friday May 27 1988	LONDON SHARE SERVICE	41
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more action is expected today. Elsewhere, Banzi put on 3 to 142p, while Jefferson Smurfit marked time, losing 3 to 410.

the recent strong run. Hower, Sperhawk, still responding to the bumper figures, featured a jump

Overseas traders had a busy

day, buoyed up by increased com-modity prices. Harrisons & Cros-field jumped 23 to 605p and Inch-cape rose 14 to 756p. Longho was sudbated by Press comment and dropped 1% to 227%p, but Pelly Peck was steady, touthing 330p before fading to close at 315p. a

before fading to close at 315p, a gain of 3 on the day.

Volumes in the Traded Options

market were much reduced with

calls of 16,849 and puts of 6,417

giving a total of 23,286 compracts.

Gadbury - Schweppes showed 1,945 calls and 108 puts mirroring

the current takeover speculation while Rolls - Royce, boosted by

the £1 bn US contract, attracted 488 calls and 458 puts.

Traditional Options

For rate indications see end of

A fair interest developed in the Traditional option market, Stocks

to attract money for the call included Coloroll, Oliver Resources, Consolidated Gold

lenm partly-paid and Empire Stores. Puts were arranged in Norfolk Capital, Scottish and

Newcastle and Trimoco, while

London Share Service

First dealings May 16
Last dealings May 27
Last declarations Aug 11

of 17 at 391p

oper figures, featured a jump

Account Dealing Dates Option Declara-Last Account tions Dealings Day May 19 May 20 May 31 Jun 2 Jun 3 Jun 13 Jan 18 Jan 17 Jan 27

THE LATEST DEVELOPMENTS in the Rowntree hid situation remained very thin, with the dominated the London stock mar. Seaq turnover of 441.5m shares ket yesterday as interest in the again boosted by the speculative major international equities sector. slackened ahead of publication today of the UK trade figures for down at 1785.3 after spending vir-April. Bonds eased cautiously trially the entire session on the after the announcement of the downside. revised US Gross National Product figures hut saw little selling International on its plan to sell

The FT-SE 100 index closed 2.6

the last of its paper manufactur-

news today of a deficit of around

this week's extended weekend

Plessey's record fourth quarter

with turnover coming ont at

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Thursday May 26 1988

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presssure. the last of its paper manufactur. The equity arbitrage specialists ing businessea. Hoare Govett. were kept husy coping with US although a huyer of Reed, warned interest in Rowntree and Cad that the move may mean lower bury as well as domestic involve-earnings in '89.
ment in the record \$14.5hn hid for The Gilts sector, hraced for

The food share traders came £400m on UK current trade near to melt down as speculative account in April, traded quietly. pressures continued to run shading off with the key US Treathrough the sector. In addition to sury bond towards the close, to tha mounting excitement in end with net losses of 1 in the Rowntree, Cadhury Schweppes long dates and ¼ in mediums. traded heavily (7.2m shares) as The newly sold Treasury '93 General Cinema stirred the pot stock traded at a small premium. by saying that after amending its Traders commented that hooks credit agreements, it could spend were being held square ahead of up to \$1hn on Cadbury shares.

Jacobs Suchard's hid of 950p or hreak in London. 52.31bn for Rowntree sent shares Index-linked isoues held firm in the UK chocolate firm racing although the 2020 tap stock at up by 29 to 1029p as the market: \$5% remained below its anticiwaited for Nestle to raise its 890p; pated selling level of around 96%. a share terms, or for a new hider to take a hand in what could excellent run and was a strong turned sharply upwards towards that Bond Corporation is selling the close. Since 45 per cent of its property portfolio in Hong Rowntree shares are now held by Kong and believe Alan Bond will the bid rivals, turnover remained soon announce an increase in his relatively restrained at 2.5m. 7 per cent stake in Allied prior to

With the shares now well a full hid. above both existing bids, speculators were guessing what price said: We have not heard from Mr Nestle is prepared to pay for Bond today, but he will have to Rowntree. Optimists, which notify us if his stake goes to 8 per include at least one of the major cent." Asked ahout a possible US houses, look for £11 a share, Allied hid for Rowntree, he but some US arbitrageurs, believed added: "We simply don't comment ing the figure may be closer to an such matters." £10, were switching into Cadhury

yesterday. results, giving full -year pre-tax However, the optimists were profits of of £172.1m, against last encouraged by suggestions that time's £184.2m, were right in the Allied Lyons might be about to middle of the market range of join the fray - although an alter forecasts and failed to generate native scenario was that Allied any major excitement in the themselves might be in the bid shares. frame. Rumours that Hanson, or Plessey moved up to 162p early even Unilever, might enter the on but subsequently dipped away fight were not taken too seri- to close a net 11/4 off at 1581/p

Cadbury Schweppes opened a 6.6m. shade easier hut quickly rallied Hazlewood Food shares were to close firmly at 377p, a net gain marked up to 236p before slipping of 5p. The City doubts that Cad-off and closing a net 3 higher at hury can long survive indepen 230p after the group announced dently if Rowntree is taken over. preliminary profits of £33.82m, up But the huge turnover of 21.6m 'around 82 per cent on last time, shares this week reflects heavy well above market expectations, buying by bid arbitrageurs, who But the figures were were believe that yesterday's state- accompanied by an unexpected

& SUB-SECTIONS

Figures in parentheses show number of

Building Materials (29) Contracting, Construction (35)

Metals and Metal Forming (7)...

Food Manufacturing (23).

Food Manufacturing (23)
Food Retailing (15)
Health and Household (12)
Leisure (30)
Packaging & Paper (17)
Publishing & Printing (16)
Stores (35)

Textiles (18)..... OTHER GROUPS (92) Agencies (19) ..

45 Shipping and Transport (12)... 47 Telephone Networks (2)...... 48 Misselianeous (26)......

49 INOUSTRIAL GROUP (487) 51 1 OII'& Gas (13) ...

59 500 SHARE INCEX (500)...

Insurance (Composite) (7) ... Insurance (Brokers) (7) Merchant Banks (11)

Property (51) Other Financial (29)

Overseas Traders (8)

PRICE INDICES

ALL-SHARE INDEX (712)

FT-SE 108 SHARE INDEX 4.

FIXED INTEREST

1 CAPITAL 6000S (208) .

Electricals (12)

Food shares ablaze with activity as market awaits

ment from General Cinema was Nestlé move in Rowntree bid another attempt to force Cadhury to find a defensive partner, if not a fully fledged "white knight". The rest of the market

			***	14	May		19	88	Since Co	moilation
	May. 26	May. 25	May. 24	May. 23	20	Year Ago	Kigh	Low	High	Low
GONETRIMENT SECS	90 07	90 28	90.30	90.20	90 12	92.02	91 43	56 97	127 4	49.18
					l	l	(18;4)	123(1)	(9/1/35)	(3/1/75)
Fixed Interest	98.67	98.67	98.55	98.39	98.38	97.87	98 67	94 14	105 4	50 53
	1470.		1428 3	14076	1437.2		(25/5)	18/1)	128/11/47)	
Ordinary ♥	1430.4	1430 7	1428 3	140/6	1413.2	1678.2	1478 7 14/3)	1349.0	1926 2	49 4 (26/6/40)
Gold Mines	216.0	216.9	218.4	211.2	203.1	390.5	312.S	195.4	734 7	43.5
						-~-	(7/1)	(13/5)	(15/2/83)	(26/10/71)
					1		,			240/20/12
Ord. Div.Yleld	4.64	4.63	4 60	4.66	4.63	3.44		<u> </u>		
Earnings Yid. %ily))]	11.92	11.92	11.93	12.09	12.01	8.26	Ir	dices	May 25	May 24
P/E Ratio GetX®	10.27	10.28	10.26	10.15	10.20	14 89	Gift Edged (Bargains	107 S	118.2
SEAQ Bargains (5pm)	21,326	25,127	21,189	19.685	29,713	39,986	Equity Sarq	palers	179.8	160.1
Equity Turnover (Em)	-	1271.10	1057.05	735.79	1276.24	1515.17	5-Day avera	e ige	2569.2	2136 6
Equity Bargains	_	27.750	24.706	23.065	30.862	47.174	Gilt Edged 1	Sargains		1268
Shares Traded (mi)	-	488.2	440.1	317.7	455 1		Ecolty Bary	alas	170.8	167.4
302165 113050 (INV	-	400.4	440.1	311.1	****	508.2	Equity Valu	e	2255.3	2343 8
		_								
♥ Opening 10 a	.m.	11 a.m	.] 12	p.m.	1 p.n	n.	2 p.m.	3 p.m.	4	p.m.
1427.2 142	8.5	1430.4	1 14	31.4	1431	.2 1	430.8	1429.		31.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Miles 12/9/55, S E Activity 1974, * Nii - 10.16.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

prove to he the multinational market all day, closing up 15 at contest of the decade. After dipping initially to 1019p, the shares makers were encouraged by news would not hid for Northern "under present circumstances as price expectations in the food sector have been inflated by the Rowntree hids."

Northern shares immediately 7 per cent stake in Allied prior to slumped from 296p to 276p on the newo before staging a strong rally and closing a net 8 off at 284p amid stories that another possible bidder for the group could emerge.

Glaxo was sold lower again as the market realised that the company itself had encouraged City analysts to trim their profit forecasts. At 892p, the shares fell a further 19, making a loss of 31 over the past two trading ses-

While the market was aware that increased marketing costs are putting pressure on trading margins in the Japanese and German associates, it was disturbed to hear that currency factors are now hiting hard. However, Dr Arnab Banerji of Nomura Securiies commented that Glaxo will benefit very quickly from any downward turn in the pound. Amstrad, the Alan Sugar-run

electronics group were heavily traded - 5.5m moved through the SEAQ system - with dealers reporting strong demand for the stock as the computer exhibition

May 24

10.81 758.41 753.71 745.75 904.11 11.36 988.92 983.14 978.49 1155.90 25.56 1569.13 1562.89 1546.93 1523.80 43.35 2646.84 2670.89 2654.30 2339.70 13.96 1690.97 1599.75 1588.71 2944.46 6.85 387.66 383.35 380.31 495.90 6.92 460.18 456.77 452.62 499.22 25.11 269.69 267.73 264.14 335.18 26.99 1525.215 123.62 1217.61 1488.78 116.81 116.81 116.87 116

12.55 929.51 911.04 888.30 957.79 14.27 2817.18 1995.24 1975.37 2332.43

7.77 111.24 112.46 1076.10 1472.53 21.47 982.81 981.96 975.58 1296.92 9.47 1151.75 1149.83 1132.19 1340.31 21.60 1915.75 1918.94 1891.91 2159.27 0.80 939.93 942.18 934.79 1151.67 19.26 1125.90 1196.93 1101.32 1427.75

645.28 967.76 531.78 934.89 358.93

1226.52 376.01

Thu May 26

Wed May 25

44.73 3347.16 3272.38 10.25 810.44 807.33 5.49 573.58 588.55 8.75 860.73 858.35 9.79 1117.24 1112.46

3.91 12.69 10.98 939.27 934.48 924.65 1124.87 5.74 11.89 38.86 1791.51 1798.92 1782.93 2052.93

4.44 - 13.16 924.77 922.01 911.92 1078.27

13.76 683.38 28.63 642.14 24.97 973.22 13.82 536.97 26.57 967.32 3.81 349.17 9.40 1228.21 5.66 377.94

1010.28 -0.1 10.01 4.17 12.57 13.27 1811.36 1907.46 996.62 1203.52

27.54

May 25

-26 1783.1 1782.5 1787.9 1782.9 1761.3 1779.2 1768.6 2157.4

1769.26 2371.31 1274.49 1308.70 480.89 651.10

1096.10 1492.63

348.92 387.31

Year ago (approx.)

May 25

Ma7 23

Year ago (approx)

Life where the shares jumped to 299p before closing a net 7 higher at 294p on turnover of 2.7m; dealers said the sharp improvement

Sedgwick, on the other hand, moved up 4 to 235p on turnover of 2.8m ahead of today's first quarter figures.

Brewers were lifted by the speculation surrounding Allied-Lyons, with the regionals Greenall rising 8 to 219p and Boddington putting on 2 to 148p. Invergordon rose 14 to 239p in a thin market on the back of speculative hoying

Young & Co'o profits of £3,59m (£3.56m) disappointed the market and the shares lost 10 to 410p. Irish Distillers opened strongly with profits up 37 per cent, but sentiment soured later on and the shares closed down 6 st 232p.

The International stocks ssed a quiet trading session with prices closing a shade easier

shares 6 to 188p.

Life assurances included an outstanding performer in Ahbey
Life where the shares jumped to around half the previous day's around half th lower at 460p; the company paper. Ferranti were also ea announced yesterday that it had at 79p after turnover of 1.6m. was a result of persistent bear signed a opecialist licensing covering late in the session. Pru-

statement regarding Northern at Alexandra Palace got under on the day after fluctuating close unchanged on the day at ay. within fairly narrow limits.

There was also talk of a stock Despite a favourable response to shortage which helped boost the shares 6 to 1880. tended to fade in Hanson which tronics sector was well down on

> scrip issue, were a shade off at 154% point a turnover of 4m.
> Willis Faber, strongly supported on Wednesday, retreated 9 to 245p after the annual meeting. Sedgwick, on the other hand close 8 off on balance at 525p. traders reporting growing inter-Smith and Nephew 8 dull market est in the otock as the preliminary results and more recently first 9, draw nearer. Cable & Wireless and more recently first 9, draw nearer. Cable & Wireless and the preliminary results and more recently first 9, draw nearer. Cable & Wireless and the preliminary seconds of the preliminary results and more recently first 9, draw nearer. Cable & Wireless and the preliminary results are preliminary to 25% and the preliminary to 25% and the preliminary to 25% and the preliminary results and the preliminary to 25% and the preliminary results and the preliminary to 25% and the

results and more recently first quarter figures, staged a good revival, rising 4 to 117½ in a volume of some 6.8m ohares.

The Engineering sector provided several outstanding movemts. Castings responded to the solution continued to emis. Castings responded to the solution continued to emis. good preliminary figures with a regarded by traders as "up for jump of 17 to 164p, but disap- grabs"

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (19).

BRITISH FURDS (2) AMERICANS (2) BANKS (3)

BRITISH FURDS (2) ENGINEERING (3) EACH (15).

AMERICANS (2) AMERICANS (2) BANKS (3)

AMERICANS (3) ENGINEERING (4) FOODS (4)

BRITISHALS (6) Alumins, ASSOC BY, Eng., Elemotrophical Software, Carlot, Ca

LONDON TRADED OPTIONS

Jul Oct Jan Joi Oct Jan

Rank Hovis MacDougall Property sector with quotations surged higher late in the day to close 11 firmer at 359p with the market full of rumours that the 29.9 per cent stake held hy Australian group Goodman Fielder. has been passed on to a predator. s sharp reaction of 10 to 103p in Whessoe. Vickers met with investment support and put on 6 Unigate jumped 6 to 316p on to 163p, while Rolls-Royce contintalk that a stake - huilding opera-

tion is in progress. In the second

Turriff were also noteworthy

for a rise of 11 at 339p; at the

annual meeting the company announced a one-for-five scrip

issue and forecast a maintained

dividend on the enlarged capital.

announced the sale of its Euro-

pean and American paper and

packaging operations, partly via a management buy-out and the

shares responded by putting on 8 to 423p on volume of 6.6m. Mar-ketmakers said the stock was

well eupported, but were scepti-

cal about the rumour that the

Maxwell Communications had

a good day with strong huying from several quarters. The shares

nearer the mark"

After persistent speculation

Reed International finally . For Settlement Aug 22

sale could raise £300m for Reed. Fields, Cadbury Schweppes.
One analyst commented that a "figure around \$600m will be tion, Eagle Trust, British Petro-

rose 10 to 225p after the double options were transacted announcement that the company is to be listed in Toronto and Explans.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ

wake of the big American order for engines before settling a -linors the inevitable bid rumours re-surfaced in Freshshade easier at 123p. bake which gained 4 to 122p. Revived hid speculation saw Redland held centre stage in Christies International advance the Building sector, rising to 553p before closing only 6 to strongly in reponse to the the good at 548p. Associated Britannouncement of preliminary fig-ures up from £130.7m to £185m ish Ports, still reflecting its property interests, met with further which were not far off the mar-

demand and put on 12 more to ket's best estimates. The subsequent meeting with There was no decisive trend in the stores but a handful of fea-tures emerged after arather the Redland share price moved dreary session. Dixons, helped by the latest strong showing hy Amstrad jumped 4 to 180p.

Amstrad jumped 4 to 180p.

Ward White, however, dropped 4 to 293p with the market said to be anticipating an increased offer for DIY group AG Stanley; the

ued to trade actively (6.2m) in the

latter rose 4 to 284p. Eloewhere, Empire Stores jumped 11 to 239p on vague take-over talk hut profit - taking emerged in Body Shop which retreated from an initial 618p to

Amstrad and Plessey apart turnover in the rest of the elec-

Racal, where Hoare Govett agreement for its penicillins to be have won the hrokership to the made in the first pharmaceuticals Racal Telecommunications flota-

_	Stock	000's	Stock	000's	Stock	000
to	ASDA Groop	205	General Accident	155	Produktel	4.10
	Allied-Lyons	4.400	General Elect	4,300	RACE	2.70
OF	Amstrad	5.500	Glaxo	2,400	Rank Drg	4
for	Aroyll Grood	1.000	Globe investment	785	RMC	
	Assoc. Brit. Foods	556	Granada	874	REM	. 1.2
	BAA	1.300	Grand Met	693	Reckitt & Colman	T
	BAT	2,500	GUS "A"	693	Rediand	4,4
	8ET	1.400	Goardian R.E.	32	Reed hall	6.4
	BICC	1.300	6KN	5.600	Reinters." B"	1.10
	BOC	2,000	Guirmess	1.100	RCZ	1,10
(2)	8P8 Inds	653	Hammerson	81	Stocks-Ronce	6,2
Deep-	BTR	2.500	Hauson	4.500	Rothmans "6"	41
-07,	Barclays	447	Hawker Siddeler	417	ROWNER	2.5
Elge	Bass	439	Hillsdown Holdings	326	Rel Bank Scotland	
DUO.	Beecham	634)M)	880	Royal Insurance	2
mid-	Stue Arrow	671	10	910	STC	297
ers.	Blue Circle	279	lochcape	661	Santchi & Santchi	7
rint	Boots	637	TABLET	1.000	Salesbury	7
FI	Brit. Alrways	3.700	Ladbroke	638	Scott & Newcastle	1.4
	Brit. Acrospace	306	Land Securities	882	Sears	2.0
Yete		469	Laporté	213	Shell Transport	. 8
Sien-	Brit. & Comm	8.000	Legal & General	450	South & Rephere	6.8
	British Gas	1.800	Lloyds Bank	1.400	Standard Chartered.	ĭĭ
_	BP	2,900	LASMO	1.100	Stonehouse	1 14
	Brit, Teletom	369	Log-ho	3,500	Sun Attence	57
	Burmah (1))	1,700		275	7 & N	1.3
•	Burton		LICES	34	ACO I I I I I I I I I I I I I I I I I I I	3
	Cable & Wireless	1,900	MEPC	1.700	TS8	-
	Cadbury Schwennes .	7 200.	Marks & Spencer	4,400	A Manual Internation	
_	Coats Vivella	1,500	Maxiell Compa	786	THORN END	2
	Commercial Union	516	Metal Box	1 100	Trafalour House	74
eb	Cons. Gold	830	NatWest Bank	1000	Trusthouse Forte	1.0
	Cookson			4,100	Ultramar outsetted	^ î
20	Courtaulds	1,900	Next	-, LUC	Citrarial amounts	3.10
33	Dalgety	571	Northern Foods	4,600	Uniferer	5.45
50	Dee Corporation	3,000	Pearson	111	United Biscuits	170
30	Dixons	2,400	Pearl Group	.66	Wellcome	4.7
55	English China Clays.	1,500	P&0	449	Whitnesd A	7(
~	Enterprise 01	750	Plikington	1,200	Williams Holdings.	8
	FK) Babcock	2,200	Plessey www	6,600	Wimpey	2
15	Fisqus	7,100			Woolworth	. 24
25						

RISES AND FALLS YESTERDAY

British Funds Corporations, Dominion and Foreign Bonds Industrials Financial and Properties	Rises 21 1 368 120 22	Falls 71 12 388 144	
Olls	22	33	52
	5	0	8
	46	55	90
	95	69	101

772 1.498

LONDON RECENT ISSUES

Price	Pald	Resume.	110		Stock	Price	→ OT	. Div.	Covid	200	125
	7	dete	High	2		Price	١.	.Div.	Covid	THE	Rat
544) 330	F.P.		73 85 155 174	63	ASB Barnett Kinnings 2p	68 147 96 171 180 180 225 146 156 148 139	_	<u> </u>	 		١.
330	120	I •	80	- 64	Rettist Petroleum	. 65	+1	W12.5	157726	61 42 35 20	13827
580 5150	1		155	147	Carbo Se *Central Motor Auctions	. 147		146 125 126	2.7	42	līō
300	F.P.	I -	100	80	¿Central Motor Auctions	. 96		123	126 i	35	114
\$120	E P.	I •1	174	150	HCJinkon Cards 10a	171	+1	12.6	26	20	bi
	F.P.		18 108 181 200 99 148	4	Criters Hidgs, Whrots +Durfey Jenkins Sp	. 16	· .		• - 1	ſ.	Г.
985	F.P.	3/6	108	83	+ Ducties Jestilus So	101	1	277	24	124	he
\$165	F.P.	-	183			1 280		26.5	170	124	155
第5 6 6 6 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	F.P.	i -!	240	213	REversit Foots 10s.	226	ŀ	85.5 85.5 84.75	34 34	3.6 4.1 4.0	15.11
100	F.P.		99	7 经经验	Govert Am. Endangur Fd	97	t	,	-		-
9125	F.P.	18/5	148	125	Historicy-Walker Sa	146	-2		24	30	1,4
5150	} F.P.	1	- 160	150	Herring Son & Daw Hides	176	1	1 136	117	154	167
140	F.P.	10% 20% 20%	149	140	Pholders Technology 100	148	I	125 125 125 125 135 135	4500101	301 54 414 32	THE PLANT
964	F.P.	20/4	80	64	Whetes (H.7.) 10a	774	ı	12.25	154	137	144
\$122	F.P.	2075	141			170	-1 ·	1 175	15:	13.5	145
990	F.P.		80 141 116	101	AKitty little Green See	7 116	1	1 22	142	122	腔
45	F.P.	21/6	74	55	#Kitty Little Group 5g		ι		120		123
	F.P.	1	44.	352 15	10e, Warrants Maricule "S"	1 45	+2.	-	} - I	•	
	F.P.	3 -1	57		Marinale "5"	1 7	1	٠		1 -	ŀ
93	I F.P.	20/5 20/5	86	40 71	Mortant Manufacture En	1 7	+2			1	L.
6110	I F.P.	20/5	136	318	Additionates Company Co.	4 .2	TE .	1 50	1.0	155	103
93 5116 5120 590	F		NEW SECEETY SUP	120	Merchant, Manufactory Est. Militaries Group Sp FMoorfield Estates 10p	₹ ₩	1.	12.9 13.15 13.37	16 30 26 23	55 32 35 51	PATTO
690	F.P.	1 .1	101	85	Carbonic School 100	1 42	시 #1 #1일	. 23.15	126	35	122
	F.F.	1 .	77	w _e	Milarris Aston 100	4 45	14.	13.37	[23]	5.1	i az
\$175	I F.P.	275	197	175	P&P 10p Page (Michael) Group 2p	4 12	47.5				1. :
*	i F.P.		-63	1	Page Michaell Street 2n	1 124	(12.05	5.0 3.2	18	134
¥78	I F.P.	3/6		55 88	Morair 30) 37	1	477	3.2	3.2	123
\$78 \$195 14 \$121	F.P.	1 7:1	225	198	Darton Engel Com	- 44	į	12.62 WL3 12.34 u4.5 P0.42 12.7	365	32 34 27 30 31	15.82.57 15.82.57
14	I F.P.	25/4	181	-17	WDward Hatele The	1 40	Ι. ΄	W 5	125	2.7	120
1121	FP.	1 -7:1	128	115	Epopel 100 Tel		12	10.42	[25]	130	13
-	F.P.	l :	21	772	CO-Selem Minera	1 40	b .	12.7	3.1	3.1	112
120 200 200 200 200 200 200 200 200 200	F.P.	1.1	21 140 240 95	195	roge (Mitcheell Group 2p Nevrolar 2p Riccheel Ementil, Serra, 68 Meter Houtes 10p Housel 10p Serra Group 10p Serra Group 10p Secrat Group 10p Scholer 1 Hittog, Gless A	44671212851955221822222222222222222222222222	l·		1 l	l - 1	1 -
9230	FP.	3/6	240	76	Commercial States of The Commercial States	1 755	l.,	17.0	28 31 27 27	35	112
925	F.P.	1:1	-05	~~	Billiani Catana 10a	1 42	+1	1 17.0	131	48	<u>}10.</u>
SIR	F.P.	I .1	975	-	Contract of the contract of	- 22		R3.4	[3.7]	4.9	9
1	F.P.	1 .	6332	5227	There is the same of the same	1 4/2	+5	50025,	[23]	114	la.
125	F.P.	1 -1	1237	*123	Thorntons	272	1	Q\$0.72	. 1	43	1
æs	F.P.	1 :1	26	100		1 124	Į.	12.1	13.7	2.2	176
1235	F.P.	1 -1	240	200	#Total Systems 5p	81	•	12.5	[21]	41	115
- 2000年	F.P.		260 146	142	Victoria Watermen Partnership 10p	1 (2)		W7.5	28	48	111
_				476	LAST GRAND CALCADA	148	<u> </u>	M.5	238	34594321B2	120
IXE	D IN	TERE	ST S	TOCI	KS .			17.0 R3.4 S00254 QS0 72 R2.1 R2.5 W7.5 M4.5			-
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lette.	Anna		- T						-		_
		,		100						8	

-1		100	Date	Nigh	Law		1
-	100 100 100 100 100 100	F. 359	30/11 4/8 1/7	107a 107a 107a 107a 107a 107a 107a 107a	日本である。 日本である。 本をは、 対は のののである。 は ののである。 は ののである。 ので。 のである。 ので。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 のである。 ので。 ので。 ので。 ので。 ので。 ので。 ので。 ので	BBA Group b. 75 pc Eas, Ref. (b) Pf. Capital & Constier Vileo: In Mort. Db. Ca-Cap Bank B. 40 pc Cam. Ref. Prf. 2011 LT Histon 9. 70 pc Can. Ref. Prf. 2010 Lan. & Percs. Shop 1076; Lan Misp. Cb. Mysick Anglish 91 pc Ebt. 85,887 Do. 67 pc Ebt. 20. 5. RF. 85,887 Rainers b Zip Co. Con. Ref. Ref. Pff. SiD-Scicon 6-bype Con. Gr Ref. Pf. SiD-Scicon 6-bype Con. Gr Ref. Pf.	100
-	"RIGH	TS"	OFFE	RS			1339

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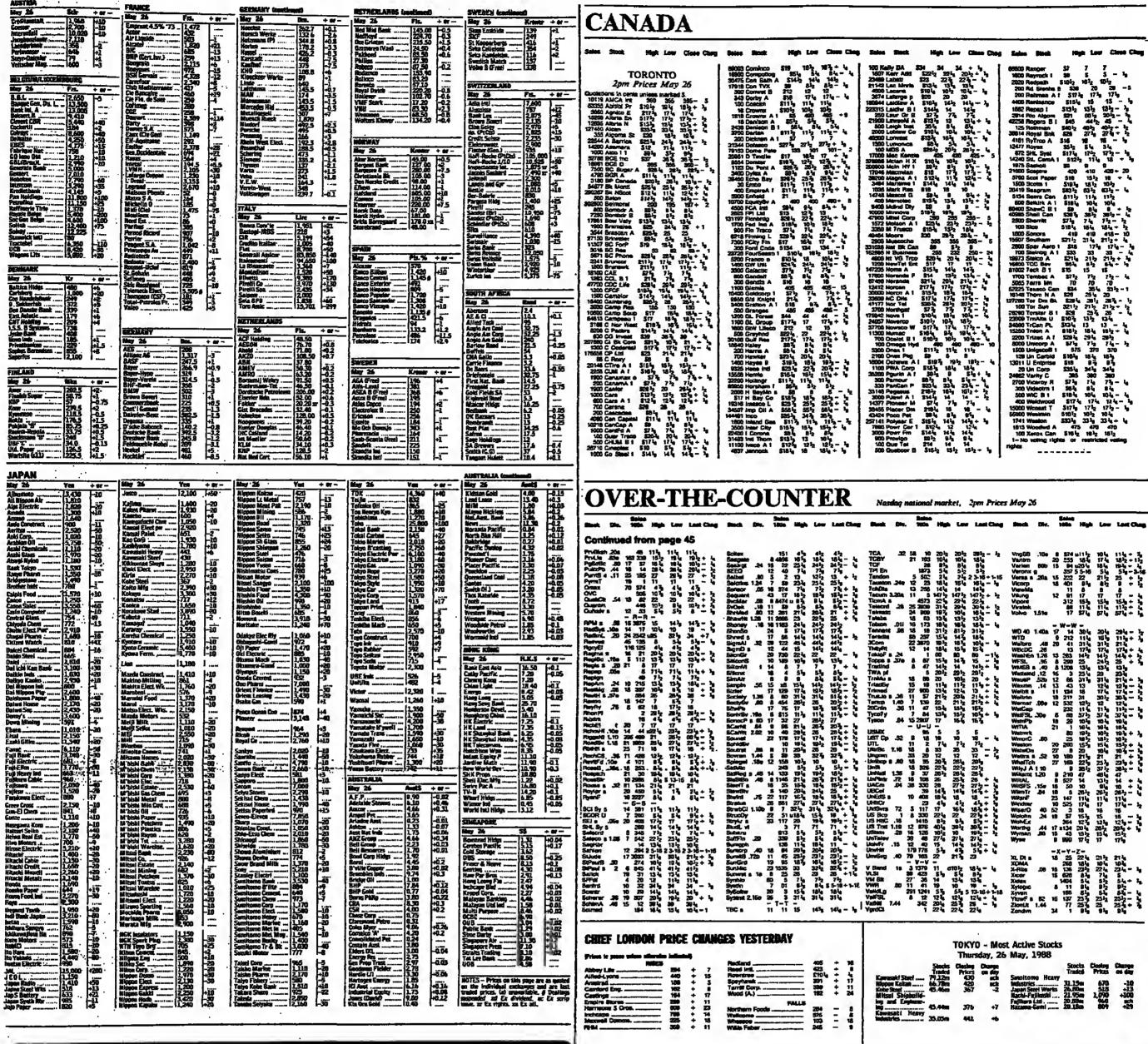
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WORLD STOCK MARKETS



INDICES

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Financial Times Friday May 27 1988

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FINANCIAL TIMES

AMERICA

Dow takes higher **GNP** growth figure in its stride

EQUITIES proved more resilient than bonds in the face of news yesterday of a substantial upward revision in first quarter gross national product growth, writes Janet Bush in New York.

After an initially positive reaction to the figures in both mar-kets because of an unexpected downward revision in the gross national product (GNP) price deflator, stocks and bonds started drifting lower as focus switched to the very high growth rate in the first quarter.

The stock market rose nearly 12 points during morning trad-ing, helped partly by a surge in Texaco's share price following news late on Wednesday that investor Mr Carl Icahn was prepared to offer \$60 a share to buy Texaco after talks aimed at preventing a proxy fight for the com-

pany broke down.
At one stage, Texaco's price was up more than \$5, accounting for nearly half the morning gain in the Dow. By the close, however, it had eased back to stand \$3% higher at \$50% and the Dow index drifted back from its highs. The Dow closed only 5.38 points higher at 1,966.75. Volume

was substantially higher than the last four trading sessions with just under 165m shares changing hands as institutions and traders reacted to the news that first quarter GNP growth had been revised up to 3.9 per cent from the preliminary 2.3 per cent

increase reported last month.
US Treasury bonds fared less

the GNP revision, falling by as much as % point at one stage. ger matnrities were almost recouped with tha Treasury's benchmark 30-year issue quoted only is point lower to yield 9.29 per cent. However, shorter-dated issues fell by as much as & point as speculation about higher inter-

est rates pressured prices.

Although the revision in GNP growth was in line with expectations earlier this week, Tuesday had seen the bond market improve as forecasts drifted back to settle on growth of just over 3

The GNP price deflator, a key indicator of inflation, was revised down to 1.7 per cent from 2.4 per cent in the Commerce Depart

ment's preliminary release.

Scepticism about the accuracy of the downward revision in the price deflator seemed to emerge, given the signals of higher infla-tion provided by consumer and producer price figures in the first three months of the year.

in addition, both markets are again focusing on whether the US Federal Reserve is tightening policy. The Fed's money marke-operations have hinted at a tight

ening for most of this week.

Fed Funds rose to 7¹/₁₁ per cent, the highest they have traded at, apart from in extreme technica situations, since October 19. The Fed did not intervene in the market, however, prompting specula tion that it may be targeting its funds at near to 7½ per cent. There has been considerable

increase reported last month.

US Treasury bonds fared less well than equities in the wake of ployment figures on May 6. Some those showing gains by 399 to 354



cent and, in recent days, has been nudged higher to between 7% per cent and 7% per cent. use O Other analysts believed that the

the bond market will react nega-tively to any confirmation of a further tightening or take heart at concrete action by the Fed to stave off higher inflation.

equity market were Long Island interest in Cie du Midi of France. Lighting Company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the company which rose Generali fell L140 to 1 co. S1% to \$11% after the co. S1% said it had reached tentative agreement with New York State which would mean the company would abandon its Shoreham nuclear plant and the state would drop its acquisition proposal.

Media General's Class A shares

rose \$2% to \$40% after Mr Burt Sugarman, the Hollywood pro-ducer, lost his proxy fight to elect a slate of directors to represent Class A shareholders.

Canada

FALLING GOLDS and base met es led share prices to a slight loss in quiet trading. The composite index, which had risen about 4 points in earlier trading, fell 3.45 to 3,176.17 as

Chris Sherwell on why equities are at a seven-month high

Australian stocks bounce back after mini-budget

AUSTRALIA'S stock markets soared to their highest level for even months yesterday in a bullish response to Wednesday's mini-budget from Mr Paul Keat-ing, the Federal Treasurer. The widely-watched All Ordi-

naries index rose 23.3, pushing through the psychological barrier of 1,500 to finish at 1,513.8, the highest level since October 23, in the week of the global stock mar-

Tha trend was paralleled on the foreign exchange markets, where the Australian dollar rose a full point to 58.3 on a trade veighted basis. This is the highest it has been

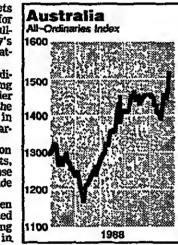
since the currency plummeted two years ago, after Mr Keating warned that Australia was in danger of becoming a "banana republic."

Equity gains came on the back of some of the heaviest trading of recent months, with 172m shares worth A\$409m changing hands. Analysts said the rally showed no immediate sign of petering

The index has now risen 125 points since May 12, when it last dipped below the 1,400 mark. That was the day Mr Reating signalled his tight fiscal stance by slashing funds for Australia's state governments.

Subsequent judicious leaking of his anticipated mini-hudget has given more help, and yesterday the markets, far from moving into profit-taking mode, decided that additional gains were to be

Several measures were signifi-• The cut in corporate income



tax from 49 per cent to 39 per cent, and the concessions removed to offset its cost - such as the end to accelerated depreciation allowances, and the delayed elimination of the gold mining tax exemption.

 Changes in superannuation tax. Mr Keating imposed a 15 per cent capital gains tax on superannuation fund income, taking effect on July 1. Because of the way the tax is calculated - the base is either market value on June 30 or cost price, whichever gives the lower profit or loss the funds want to see share prices as high as possible at the

• The encouragement given to in companies offering tax credits on franked, or net, dividends. The decision makes those companies more sttractive investment

The changes were said yestercapital expenditure and little for-eign competition. most active stock, but its turn-over halved from 158.5m shares

The most marked price to 79m. It finished unchanged at increases came from the Big Y430 after rising Y3. Nippon Three commercial banks. West-pac gained 48 cents, or 7.5 per 67m shares traded, also closed cent, to A\$6.90, ANZ Bank 34 cents to A\$4.66 and National Australia Bank 26 cents to A\$5.86. Retailer Coles Myer rose 34

cents to A\$9.10. Burns Philp increased 22 cents to A\$3.80 and transport groups Brambles and Mayne Nickless – but not the more foreign-oriented TNT –

showed strong gains. Generally, industrial stocks surged. One broking firm forecast an 8 per cent rise in its preferred group of leading industrial

Resources stocks, on the other hand, barely moved. Gold compa-nies are reckoned to be profitable in spite of their new tax, while commodity prices remain the key

to other mining shares. Western Mining was steady at A\$5.70, Remison Goldfields lost 20

cents to A\$8.50 At the end of the day, however, the measures are only likely to superannuation funds to invest alter investors' choices at the margin. As one analyst said: "Most people buy a stock because they think it is going to go up." in short, fundamentals still mat-

EUROPE

Corporate news livens up low-volume bourses

A RASH of corporate news added L70bn worth of shares, helping to spice to Europe yesterday, exaggerate price movements. although most bourses ended just Few dealers were willing to commit themselves, analysts said. slightly higher or lower, writes

MILAN was dragged lower in after the strong gains seen on extremely thin volume hy investors' concern over the future of point cut in key interest rates Olivetti's link with AT&T of the US. The MIB index fell 2 to 974. The Government's five-year plan to tackle the public deficit

left investors unimpressed and had little effect on the market. One analyst said: "The Governanalysts believed that the target ment doesn't seem to be able to range at that stage was raised to grasp the nettle on the deficit, so the uncertainty has not been Reports that AT&T might not

use Olivetti, in which it has a stake of 22 per cent, as its future initial tightening was to between supplier for personal computers 7% per cent and 7% per cent.

The key question is whether specialist down L120 to L9,380. It

> Supermarket group Standa jumped L310, or 1.9 per cent, to L16,300 on strong demand. Volume was estimated to be as low as on the previous day at

SOUTH AFRICA saw its gold stocks slip in thin trading as the bullion price stayed near the

PARIS saw some profit taking

day's lows.
Randfontein lost R5 to R245 and Kloof 50 cents to R31.25. having been largely discounted

However, the fact that equities ended slightly higher underlined good resistance to the profit-tak-ing, with the Indicateur de Tendance edging up 0.9 to 119. Cie du Midl, which rose

by the market.

sharply on Wednesday on the suggestion that Generali wanted a blocking minority stake, fell hack on the Italian company's denial of the report, losing FF770, or 4.5 per cent, to L1.480. Engineering concern Schneider was suspended temporarily after

losing a maximum allowable FF732, or 9.8 per cent, to FF7293 on reports that Framatome's board had voted against buying Schneider's 21.6 per ceot stake in Téléméchanique Schneider said it would now continue to fight

for control of Téléméchanique against Framatome

Pharmaceuticals issue Sanofi put on FFr24, or 3.6 per cent, to FF1895 after the previous day's news that parent Elf-Aquitaine, unchanged st FFr292, expected good results from its chemicals and pharmaceuticals operations. FRANKFURT was boosted ini-

tially by the slightly firmer dollar but the early rally ran out of steam and share prices dropped. The dollar was fixed at DM1.7081 against DM1.7023 on Wednesday, cheering the morning market, as did good results from utility group Veba.

Concern that a new federal

Commerzbank, the country's third largest commercial bank, reported a strong rise in four months' earnings and edged up 50 pfg to DM225.

Farm machinery and engineering company KHD added DM6 to DM108.80 on news that it could return to profitability this year.

Bonds fell back after terms of the new 10-year bond were released - priced at DM99.50, it index put on 0.5 to 242.7.

London

CHOCOLATE maker Rownfree was the focus of attention in London as Swiss confectioner
Jacobs Suchard weighed in
with a bid. Cadbury Schweppes was also active. But interest in international stocks's fizzied out pending today's release of the April UK trade figures. The FT-SE 100 Index lost 2.6 to 1,785.3.

has a coupon of 6% per cent to yield 6.57 per cent. ZURICH saw dull and lacking-

Concern that a new federal bond would be taken up only slowly, however, helped pull equities lower, and the FAZ index eased 0.77 to 442.4.

Vebs announced an 11 per cent rise in first quarter profits and rose DM1.80 to DM241, while Commerzbank, the country's third largest commercial bank.

dem with the firmer dollar amid investor concern about the possi-bility of rises in world interest rates and the effect of the strong Dutch guilder on exports.

The upwards revision of the US

insurer Assuranticoncern Stad Rosterdam gained F1 3 to F1 123. The company predicted a profits rise of between 5 and 12

per cent this year.
Distiller Bols, which latted a statement declining to comment on a UR newspaper report that it might take a stake in Irish Dis-tillers Group of Dublin, moved up Fl 3 to Fl 120.

STOCKHOLM responded to lower domestic interest rates and optimism in other stock markets with a rise in busy trade;

The Affaravarides general index reached its fifth posterash high in a row, gaining 4.9 to 848.4 as turnover slipped to Skramm from SKr413m.

MADRID eased as investors stayed on the stdelines, with the general index off just 0.05 at 271.18. Telefonica rose 2.87 points to 174 per cent of par after its good profits news on Wethorday. 135[†] 3[†]

Th

BRUSSELS closed mixed amid continued lethsray, with the Brussels atock index up 7.28 4.644.23 on low volume. Steelmaker Cockerill's stock closed unchanged at BF184, with

about 11,000 shares changing HELSINKI rose to another

record high in active trading with the Unitas all share index up 5.6 nt 693.8.

ASIA

Opening rally loses steam on investor caution

THE WAIT for revised first quarter figures on US gross national product, due after the market closed, sent many investors to the sidelines and share prices closed slightly lower in Tokyo yesterday after a strong opening, writes Shigeo Nishiwaki of Jiji

The Nikkei average shot up 198 to the day's high of 27,641.49 shortly after the opening, but then dropped to s low of 27,403.87 and ended 15.41 down at 27,428.24. Gains and losses were nearly even st 454 to 451, with 164 issues unchanged, Trading was active at 750m shares in the morning, but slowed later to total 1.2hn shares

against Wednesday's 1.5bn.
Investors initially stepped up o Other measures incline the crackdown on the use of tax buying, focusing on large capital buying, focusing on large capital steels, as fears of inflation in the tional companies and a range of US sinksided amid a slight strengthening of the dollar.

But the fast advance in share day to favour shares in compa-nies with a high proportion of domestic earnings, high tax pay-ments, relatively low levels of the revised US statistics. Kawasaki Steel remained the

unchanged at Y420, while Kobe Steel was Y2 down at Y367 after gaining Y2. Kawasaki Heavy Industries firmed Y6 to Y441. Demand continued for shares

in companies involved in redevelwas less than on Wednesday. Japan Steel Works rose Y13 to Y518 and Tokyotokeiba, the horse racing track operator, added Y28 to Y995. Sumitomo Heavy Industries meanwhile lost Y10 to Y670. investors sought small and medium capital issues reporting good business results. Nachi-Fuji-koshi scored a maximum allowable daily increase of Y100 to Y1,090, helped hy rumours of strong demand from speculators. Hazama-Gumi added Y29 to Y809 and Fujitec climbed, Y101 to

High-tech issues drew little

111.25 | 130.92 | 113.37 | 129.35

Among other main gainers were Citizen Watch, which fin-ished Y41 higher at Y810, and Noritake, Y70 up at Y1,240. Buying focused on stocks priced below Y1,000 and analysts said investors were searching for quick profits.

Bond prices continued to rise. Quick action by the dealing sec-tion of one securities house in snapping up Y100bn worth of 6.1 per cent government boods due soon, led dealers and institutional investors to believe that the market was more hullish

demand, with Toshiba falling Y6 to Y856 and NEC Y30 to Y2,130. Elsewhere, Sumitomo Bank and

Nomura Securities shed Y40 to

Y3,530 and Y30 to Y3,910 respec-tively. Tokyo Electric Power declined Y40 to Y6,100.

than expected. The yield on the bellwether 5.0 per cent government bond due in December 1997 fell from 4.645 per cent on Wednesday to 4.600 per cent in block trading on the Tokyo Stock Exchange. It slipped temporarily below 4.6 per cent to 4.595 per cent in inter-dealer trad-

On the Osaka Securities Exchange, giant capital stocks

47m shares to 141m. Rohto Pharmaceutical jumped

Y110 to Y1,320 and Kobe Cast Iron Works Y80 to Y920, but profit-taking took Matsumura-Gumi Y30 lower to Y970. **Hong Kong**

INSTITUTIONS remained on the sidelines as local investors pursued selected second line stocks in a dull, slow session which saw the Hang Seng index fall 7.51 to 2,520.49,

Turnover was HK\$732m, down from Wednesday's HK\$780m as uncertainty on Wall Street and a slowdown of the local economy subdued the market.

Bond International shares were suspended at HK\$1.56 pending generally higher.

lost ground in the afternoon and the announcement of the sale of the Company's luxury property the sale of the company's luxury property the sale of the company's luxury property the sale of the sal

3 cents better. Rainhow Orient was due to

ATV rose 4 cents to HK\$1.90 after saying it had been approached about selling its wholly-owned Asia Television.

Singapore

RISING commodity prices focused attention on Malaysian speculative issues and plantation-based stocks as prices closed

recouped early losses to close 5 to 977.14 in moderate trading.

Several Singapore based blue chips attracted interest and cont of its equity, cross the market in five transactions, but it closed little changed at 42.5 centers. They were unwilling to take new positions in the absence of overseas leads, amid fears of interest resume trading today after Polly rate hikes and inflation in the US Peck's offer for 96 per cent of its and ahead of the local boilday on Monday. Rises led falls by 102 to 41 and turnover swelled to 34m shares from Wednesday's 24.1m.
Sime Darby led the market on turnover of 3.9m shares, rising 13

cents to S\$3.12, while Tan Chong Motors gained 1 cent to 57 cents with 3.4m shares traded. Plantation stock New Serendah rose 15 cents to \$\$2.15, Riverview was up 14 cents at \$\$4.14, Harri-

sons up 12 cents at \$\$4.02 and Consolidated Plantations climbed

11 cents to S\$2.65.

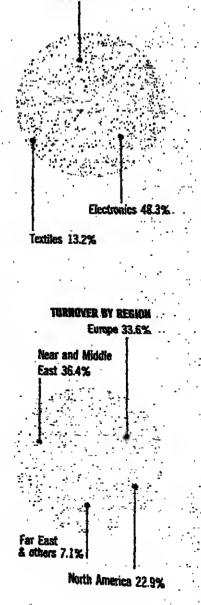
AN UNBROKEN RECORD OF EARNING CRAWFII LARIVINGS GRUWIII

INTERIM RESULTS FOR THE 26 WEEKS ENDED 27th FEBRUARY 1982 UNAUDITED TURNOYER £314.8m £172.0m +83% PROFIT BEFORE TAXATION £48.1m £36.9m +30% PROFIT AFTER TAXATION £42.3m £31.6m +34% **EARNINGS PER SHARE (BASIC)** 22.9 19.9p +15% DIVIDEND PER SHARE (NET) 2.20p 1.46p +50%

• Across the board, the Group has continued its policy of applying proven skills in marketing high quality, low cost products on a worldwide basis while demonstrating increasingly less dependence on any one product area or any single geographical location.

• The growth of our business in the major target areas of Europe, America and the Far East is moving ahead quickly and profitably, and we welcome the challenge presented by 1992 when the giant European Economic Community becomes a single internal market.

Asil Nadir - Chairman



10.00

TURNOVER BY DIVISION

Agriculture 38.5%



COPIES OF THE FULL INTERIM STATEMENT CAN BE OBTAINED FROM THE SECRETARY, POLLY PECK INTERNATIONAL PLC, 42 BERKELEY SQUARE, MAYFAIR, LONDON WIX 508.

FT - ACTUARIES WORLD INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND RESIDNAL MARKETS	}	. THU	ESDAY MAY	26 1988		WEDN	ESDAY MAY	DOLLAR INDEX			
Figures In parentheses	U5	Day's	Pound	Local	Gross	US	Pound	Local			Year
show number of stocks per grouping	Dollar Index	Change %	Sterling Index	Currency	Oiv. Yield	Dollar Index	Sterling Index	Currency	1988 High	1988 Low	(approx
Australia (88)	136.11	+3.5	108.31	113.52	3.92	131.45	104.61	111.13	136.11	91.16	130.98
Austria (16)		-0.4	69.94	77.95	2.63	88.23	70.21	78.06	98.18	84.35	86.78
Belgium (63)	120.58	-0.3	95.96	106.46	4.73	120.89	96.20	106.43	139.89	99.14	114.99
Canada (125)	116.01	+0.2	92_32	103.96	3.24	115.76	92.12	104.24	125.49	107.06	125.44
Denmark (39)	127.48	+10	101.45	112.91	2.58	126.23	100.45	111.46	127.48	111.42	115.34
Finland (25)		+0.4	106.00	112.97	1.86	132.66	105.57	112.21	133.73	106.78	
France (121)		-0.2	73.40	83.22	3.87	92.38	73.51	83.18	92.38	72.77	113.66
West Germany (99)		1 +ō.ŏ	59.18	65.98	2.81	74.38	59.20	65.95	80.79	67.78	91.04
Hong Kong (46)		-0.1	79.70	100.48	4.55	100.30	79.82	100.63	105.83	84.90	115.60
reland (18)		-0.5	102.81	116.13	4.08	129.89	103.37	116.62	129.89	104.60	126.54
Italy (102)	69.97	l −0.2	55.68	66.23	3.03	70.14	55.81	66.26	81.74	62.99	99.01
Japan (456)	170.69	-0.5	135.84	134.22	0.53	171.53	136.50	134.77	177.27	133.61	150.48
Malaysia (36)	134.81	+1.6	107.28	134.22	2.72	132.74	105.63	132.13	134.81	107.83	168.38
Mexico (14)	151.15	-0.1	120.29	377.95	1.32	151.33	120.43	378.39	176.90	90.07	182.35
Netherland (38)	103.08	−0.1	82.03	89.91	5.14	103.22	82.15	89.96	110.66	95.23	115.11
New Zealand (21)		+0.0	64.39	61.60	5.88	80.89	64.37	61.73	80.91	64.42	90.34
Norway (25)		-0.2	93.75	99.18	3.05	118.06	93.96	99.19	132.23	98.55	137.27
Singapore (26)	111.31	+1.0	88.58	103.47	2.40	110.18	87.68	102.38	114.93	97.99	139.32
South Africa (60)		-1.7	103.87	84.22	5.08	132.80	105.68	85.38	139.07		
Spain (42)		+0.0	119.30	128.11	3.37	149.99	119.36	127.89	155.36	118.16	163.78
Sweden (36)		-0.3	99.02	109.32	2.60	124.78	99.30	109.26		130.73	115.00
		-0.2	60.51	67.12	2.54	76.15			124.78	96.92	114.03
Switzerland (55)		-0.1	110.10	11010			60.60	67.25	86.75	75.60	94.01
United Kingdom (327)	138.35	+0.4			4.40	138.48	110.21	110.21	141.18	123.09	141.76
USA (580)	103.82	70.4	82.62	103.82	3.80	103.46	82.33	103.46	110.51	99.19	119.05
urppe (1006)	107.34	-01	85.42	90.83	3.90	107.46	85.51	90.86	110.71	97.01	117.41
Pacific Basin (673)	166.57	-0.4	132.56	131.99	0.72	167.17	133.03	132.41	172.26	130 81	148.38
uro-Pacific (1679)	142 89	-0.3	113.71	115.63	1.69	143.29	114.03	115 90	147.53	120.36	136.03
North America (705)	104.47	+03	83.14	103 85	3.77	104.11	82.85	103.52	111.28	99.78	119.38
urope Ex. UK (679)	88 16	-01	70.16	78 72	3.44	88.26	70.24	78.70	92 81	80.27	102.30
Pacific Ex. Japan (217)	116 96	- 2ō	93.08	103.70	4.12	114.63	91.22	102.43	116.96	87.51	122.87
World Ex US (1878)	141 84	-03	112.88	115.04	176	142.24	113 19	115.33	146.49	120.26	135.98
World Ex UK (2131)	126 09	-01	100 35	111 30	218	126.20	100.43	11136	130.28	111.77	128.15
Vorld Ex So Af (2398)	127.15	-0î	101 19	11136	2.38	127.24	101 26	111 42	130.96	113.26	129.13
10000	106 29	-02	84 58	99 29	3 84	106.04	84 39	99 08	110.99		119.32
Norld Ex Japan (2002)	100 67				201		, ,,,,	,,,,,	110.77	100.00	1 114.32

101.21 111 18 2 40 127.28 101 29 The World Index (2458) Base values Dec 31 1986 100 Finland Dec 31 1987 115 037 -US S Index 90 791 (Pound Steeling) and 94 94 (Local) Copyright The Finlacial Times Goldman Sachs & Co. Wood Machenize & Co. Ltd 1987 Amendments to indices for May 25 applied to Malaysia and the Regional Indices.

01

SECTION III

FINANCIAL TIMES SURVEY



Once, the county was known for its garden cities. Then, Stevenage marked the birth of the new towns movement.

Now, the key words are high technology. Business parks are doing well. But, despite the buoyancy, says Alastair Guild, there are still some

areas of concern

The high tech renaissance

HERTFORDSHIRE is in the mid-dle of an economic and social renaissance, the third this cen-Rut the county has taken steps

caub

Garden cities, a concept con-ceived by Ebenezer Howard in the early 1900s and enshrined in Welwyn and Letchworth, first drew companies out of the smog and grime of 1930s London to well-ordered, green and pleasant estates. Stevenage marked the beginnings of the equally bold New Towns movement in 1940s Britain. It, and others in the south-east aimed to accommodate London overspill with companies such as British Aerospace, then English Electric Aviation, provid-ing the employment base.

The county's third incarnation is as a much sought after location for high technology and service companies. Hertfordshire has benefitted partly from tant being the completion of the M25 around London. The immediate effects were naturally felt in the county's south-west, with Watford now established as a major centre for offices, retailing and high tech companies. It is the fifth most expensive town, by

itself to attract new investment eastwards. Helped by the comple-tion of the A1 (M) turnel at Hat-field, the A1 corridor campaign, a joint initiative by the county council and local anthorities along the motorway, launched last May, has been extremely successful in promoting sites and premises for redevelopment or immediate occupation, largely on or adjacent to existing industrial

The campaign unit, based within the county council, and district councils all report a narkable rate of inquirles over the past 18 months or so, while the corridor is being talked of as the best location for Hertford- nies to look more closely at areas shire's first true science park, around Stansted. There is white and for large-scale office parks, land, between settlements and designed to attract major office major roads, for example, where

of Stansted's elevation to be Lon-don's third airport are already being felt. Essex and Hertfordshire, which strongly resisted the airport's expansion, are now seeking to channel housing to well-defined locations and eco-nomic development for the most part to largely well-established employment areas. They want to contain encroachment into the countryside, while, at the same time, minimising pressure on the infrastructure of towns such as Bishop's Stortford, already facing considerable traffic consection. erable traffic congestion.

Some analysts doubt the realism of what has been termed a damage limitation policy. The high costs of Cambridge and Lon-don Docklands at either end of the M11 are prompting compa-

consultant.

The presence, stretching back dependable foundation.

some 40 years, of notable aerospace, defence and pharmaceutical companies in Hertfordshire anywhere in the south-east. has undonbtedly been another

Hertfordshire now has the highest concentration of high tech firms of any county in the UK, according to a recent study which showed a significant link between the share of defence expenditure in a region's gross domestic product and its relative concentration of high tech jobs.

Aerospace, defence and, to a lesser extent, pharmaceuticals have long been the largest employers. The number of direct jobs in aerospace and defence still/approaches 25,000, with many more employed by subcontractors. There are more than 17 tractors. There are more than 17 firms in the pharmaceutical sector employing a total of over costs and rents, and falling 5,000 people. Aerospace and unemployment levels, from defence companies, in particular, around 10 per cent in many dis-have been through a period of tricts in the early 1980s to pres-rationalisation and uncertainty ent levels of around 5 per cent ees. appeal which might open the over orders. Lay-offs have provide further evidence of the There are signs that the effects floodgates, in the words of one resulted, but they have continued local economy's strength.

These have been most beavily factor in stimulating interest in concentrated around enterprise the county, particularly from agencies which have often high technology companies. following a redundancy pro-gramme. British Aerospace in Stevenage is one example.

These small husinesses are increasingly looking to foreign markets, says Mr Gareth Osborne, chief executive of Hertfordshire Chamber of Commerce. Chamber income from export documentation, preparation documentation preparation accounts for 54 per cent of the total, compared with the average for UK chambers of 39 per cent. But escalating land values, soon likely to reach £1m an acre in Welwyn, for example, are likely to curtail the provision of prem-

ises for start-ups.
At the same time, rising land

Hertfordshire has always performed very buoyantly, says David Woodhall, chief executive of the Commission for New Towns. The commission raised

towns. The commission the sale of land and premises in Hemel Hempstead, Hatfield, Welwyn and Stevenage out of a total of £216m for the UK's 13 new towns. Hemel Hempstead accounts for a significant proportion of the £300m worth of property still to be realised by the commission in Hertfordshire, reflecting rapidly

rising values in the town.

Peat Marwick McLintock, the first of the big eight accountancy firms to provide a full range of services from a Hertfordshire-based practice, in St Albans, and soon to be followed by Price Waterhouse, commissioned a survey of 44 Hertfordshire firms at the end of last year. All expected to create jobs this year and pre-dicted substantial increases in turnover and investment. Excel-lent communication links, proxfmity to London, pleasant residential areas and accommodation were viewed as some of the key advantages of being based in

A major concern, however, and

CONTENTS

Why planner are in a pickle lustry and further educati sching with an eye on ton

Industry: The beacon of BAC

Gurden cities:

A property boom ☐ Photograph of Welwyn Garden City (left) and others for this survey by Tony Andrews

provision of equipment to give students hands-on experience, with the cost being met by the colleges, industry and sometimes the Department of Trade and

There is an awareness that for alanced economic development paraneed economic development to be possible there must also be a suitable range of sites and premises. With rising land costs, developers bave been looking naturally for the highest return on their investment. Office developments on industrial sites are likely to become more account. likely to become more common with the introduction of the B1 business use class. The county council is closely monitoring the situation to ensure that an adequate supply of land is retained for more traditional industrial

Housing is another area of concern. A survey by the Halifax Building Society indicated that the average price of a semi-de-tached house in the county has risen to over £83,000, about three There are some 20,000 unem-times the level in some northern ployed in Hertfordshire, or 4 per counties. That reflects the high cent of the available workforce, incomes and mortgage capacity with 10,000 of those out of work of Hertfordshire residents. The for more than six months. Yet cost of honsing is one factor there are 18,000 jobs unfilled, inhibiting the recruitment of many of them in the office, retail workers for many of the skilled and high technology sectors, all demanding new skills.

A labour market intelligence throughout the county has been actablished to apprice point to change hearing. forum bas been established to agents point to cheaper bousing tackle the shortfall. Chaired by a svailable in the north of Hert representative from the county fordshire or in nearby Bedfordcouncil's education department, shire. It includes representatives from Increasing pressure on Hert-

a potential threat to most busi-

nesses' expansion plans was the extreme shortage of skilled staff. There are some 20,000 unem-

the careers service, MSC, Hatfield fordshire's environment is upper-Polytechnic, colleges of further most in some people's minds education and the council's planning and estates department. It is seeking to achieve a better match between the skills required by employers and the skills of potential employees.

Hertfordshire has one of the largest further education propage in the service, MSC, Halleld fordshire's environment is uppermost in some people's minds when they voice their misgivings about the present pace of development. Major industries are becoming highly sensitive to environmental problems and actively seek improvements, says are provided that they want to be a suppermost in some people's minds when they voice their misgivings about the present pace of development. Major industries are becoming highly sensitive to environmental problems and actively seek improvements, says are provided to the present pace of the present pace of development. Major industries are provided to the present pace of developments are provided to the present pace of the presen largest further education pro- paign director for the Herts and grammes of any county, and its Middlesex Wildlife Trust. But the 12 colleges of further education new pressures on Hertfordshire's and polytechnic are working natural environment are of increasingly closely with indus-industrial development trampling try to tailor courses to the unheedingly along major trunk requirements of the workplace. routes like the "finbon" develop-The partnership extends to the ments of the 1930s.

Hertfordshire

EDUCATION & INDUSTRY

SHARE OFFER in future talent and skills







Hertfordshire's Education Service is looking to expand its partnership with commerce and industry in the County. The network of connections is already in place:

- ☐ Sponsored projects in schools
- ☐ Support on governing bodies
- ☐ Course design and development in colleges
 ☐ Curriculum and policy refinement for the 1990s and beyond

YOUR INTEREST AND INVESTMENT IS INVITED



For a 'prospectus' on the Hertfordshire partnership in education, contact: Mark Gore Education Dept., County Hall, Hertford, Phone (0992) 555809 Hertfordshire County Council

Alastair Guild on the interest generated by the A1 promotion campaign

Joint action increases awareness

TOWNS ALONG the A1, from ple are now talking about the A1 Hatfield in the south to Baldock corridor and the amount of interin the north, are now attracting est being shown in space is companies to their industrial remarkable, says Mr Andrew estates, business parks and town Egerton Smith, chief executive of companies to their industrial centres. The hullish demand for Letchworth Garden City Corporasites and premises along the cor- tion. "While 18 months ago peoridor has even tempted the more ple were saying the Letchworth daring to draw comparisons with

wyn Hatfield. North Herts and Stevenage district councils and an enormous difference to the the Letchworth Garden City Corarea's appeal, he says. It has poration, to pool their resources reduced travelling time to Lonin promoting the corridor - slug-don by half an hour. "Before you gish was the only word to had to drive round the edge of describe the level of interest in Hatfield on the A1, and the many areas. Each authority is frightful traffic jams were a posithis year contributing £7,000 to the campaign's £35,000 cost.

Whether the Al corridor's changing fortunes can be entirely credited to the campaign is, from the M25's ripple effect, felt small part of its premises to build cannot of 'London' But it for the late 1970s. ont of London. But it was unlikely that individual authorities, acting in isolation, could have had such an impact on perceptions outside the county, with heing developed partly by the investment interest, previously corporation and partly by PosTel, focused almost exclusively on has attracted a wide range of Hertfordshire's south-west corner now advancing eastwards.

The campaign, co-ordinated from a unit in the county council and aiming to create 10,000 jobs in the area, has raised awareness of the A1 corridor's potential first through advertising and litera-ture and then hy building on responses to the publicity. Al brochures have been sent to more than 7,000 companies and over 3,000 registers of premises have been distributed to estate agents, individuals and firms. The registers, issued quarterly,

are financed by sponsors of the promotion campaign, the latest by Barclays, A direct mailing to so ft. The number of people work-2,000 companies was followed up ing there could reach 2,000.

"We have been so encouraged involving and colle Mailshote by the second of the college with the second of the college working the college was a second of the college working as the college working as the college working a second of the college working a second of the college working as the college working involving 600 calls. Mailshots bave produced several hundred inquiries and open days have given those companies with posi-tive relocation plans an opportu-

committee, providing up-to-date so ft lost in exchange for mies, currently located in the M4 information on the availability, improved access. Another 50,000 corridor, are apparently in varipracticality, level of prices and so ft unit, being sub-divided into ous stages of negotiation with the values of properties in answering

business park would never get off the M4. the ground, now the hulk of the But before the launch of the AI sites are already taken or are promotion campaign in May last under very active negotistion, year - a joint initiative by Hert-fordshire County Council, Wel-said to be a skills shortage.

The Hatfield tunnel has made tive deterrent to investment in

The business park's 56 acres were occupied by a 600 Group iron foundry until the late 1970s. Machinery, part of the group, will soon move into a new office block being built on the park.

The rest of the park, which is firms, including an office relocation, s computer company, an out-of-town retail unit, a computer centre for Tesco, a company making electronic switch gear, with an office village development now under very active negotiation.

The village would comprise 40,000 sq ft of B1 space and four ing might be provided.

acres of owner-occupied units of up to 5,000 sq ft.

"The A1 corridor campaign may need to change direction in

The corporation has invested £12m in the park's development and will invest a further fom in new buildings to be let off rack rent. Once complete, within three attracting quality rather than years, the park will contain 1.25m quantity, less manufacturing, years, the park will contain 1.25m

by the park's success that we are planning to bring forward a furing locally.
ther eight acres of our land, half Stevenage of it zoned for industry," says Mr Egerton Smith. town, is already getting choosy about the types of firms it wants

alues of properties in answering owner-occupied units of 1.500 to borough council, attracted by 1980s, and just below the reproperty inquiries.

2,000 sq ft is already sold. Letch-lower living costs, the availabiled average. At the Steve worth has witnessed a dramatic ity of skilled labour and the Employment Advice



Mr Andrew Egerton Smith:

reduction in unemployment levels. Borg Warner, the 600 Group and ICL either moved out or shed significant numbers of jobs. From virtual over-employment in the mid-1970s, unemployment reached 15 per cent in the early 1990s, but it is now down to 5.5

"There are shortages of certain skills but we believe these can be employees to take nn greater responsibility and for vacancies created to be filled from within companies," says Mr Egerton Smith. A chartered accountant liaising between the LGCC and Letchworth businesses, is now talking to the local skills centre about ways in which such train-

the future because of the pace at which space is being taken up," says Mr Egerton Smith. "It may be necessary to concentrate on more service-type employment. You see people commuting to London every day and wonder whether they shouldn't be work-

Stevenage, Britain's first new the corridor has to offer.

Local property agents were 1980s has been split up, giving invited to join the Al promotions 250,000 sq ft in total with 150,000 Several electronics based commandation.

Local property agents were 1980s has been split up, giving and industrial accommodation. refurbished office blocks in the committee, providing up-to-date sq ft lost in archaelance.

Productivity with

built-in profit

Al corridor.

Wood industrial area had 200,000 tion Technology Centre, providsq it of industrial, warehousing ing training in electronics, places and office space available, while 80 per cent of trainees in employa year later only 14,000 sq ft ment. remained vacant. British Aerospace army weapons and space and communications division. Marconi Instruments, ICL and Combustion Engineering were already among the companies on as buoyant as elsewhere along

All the space is now taken in the Meadway Technology Park at the estate's northern end. Companies already on the park or soon to occupy sites include Manu-

occupied by Kodak which Stevenage Borough Council would like to see developed for industrial mer by ratraining existing and commercial use, is the only large area proving difficult to move. The land's owners have other ideas, preferring to sell for retailing, but the borough council's opposition has been unheld

several times on appeal.
But elsewhere in the town, there has been a healthy level of retail developments. The Westgate, a fashion-orientated, covered shopping centre just to the west of the town centre, is already balf occupied, while Tesco and Boots are two of the stores committed to Town Centre North, now under construction.

Office space has also been in demand. Confederation Life moved its UK headquarters from Chancery Lane in central London to a 95,000 sq ft building, with blue reflective glass, adjacent to the station. It houses 370 employees and the insurance company says it had no difficulty attract-

at 6.1 per cent, is at its lowest since the recession of the early 1980s, and just below the regional average. At the Stevenage

improved accessibility along the Resources Centre in-depth job i corridor.

counselling is available while
Early last year the Gunnels
SITEC, the Stevenage Informa-

> Unemployment levels in Wel-wyn and Hatfield have long since peaked and are now down to 3.7 per cent. Demand for sites and premises in the district has been the corridor. Consolidation, and in some cases contraction, of older industries has brought forward areas for redevelopment.

Shire Park, once occupied by Life's training centre, Elopak, ICI Plastics, is one example, with making milk cartons, relocating a quarter of the 61 acres already from cramped premises in Ste-redeveloped. The whole site has venage, while Wiltron, currently outline approval for redevelop-based on the Gunnelswood indus-trial estate, is taking the third including offices, high tech, R&D and warehousing and light indusmain slice.

The Commission for New try. Digital acquired 11.75 acres two sites, of 8.5 acres and 10 offices with room for a further acres, in Stevenage's second major industrial area, the Pin Green industrial estate. The processing and light industry. Digital acquired 11.75 acres for for a further 75,000 sq ft as required. Phase II, scheduled for completion next year, will bring forward eight buildings of the B1 business use

British Aerospace is experted to consolidate its civil aircraft division's operations on the existing site, and that is likely to pro-duce some land for redevelop-South Hatfield, occupying 50,000 was returned to the private sector of of offices and 100,000 sq ft tor in two stages, half the comwarehouses, while Xerox has pany being privatised in early chosen Welwyn Garden City for 1981, and the remainder in midits 45,000 sq ft research and development centre.

There have been a number of source of many of the most developments of smaller units for famous aircraft built in Britain, high tech companies. The district ranging from the long series of council has the statement of the long series of the statement of the long series of the lo council has itself completed two Moths which first made de Havilschemes and a third with a local land's name in the 1930s, through

The district has also seen a jet fighters such as the Vampire high level of activity on the retail and Venom, the piston-engined side, the most significant devel. Doves and Herons, and the high level of activity on the retail side, the most significant developments being the 225,000 sq ft Park Plaza leisure goods shopping centre south of Hatfield, the 180,000 sq ft covered shopping precinct being built next to Welwyn Garden City railway station and a Tesco superstore on the content of Hatfield. outskirts of Hatfield.

North Herts has experienced industry closures as elsewhere in the Al corridor though perhaps on a lesser scale, and so affering fewer opportunities for redevelopment. Unemployment peaked at Group alone produced well over 100 to 100 t 10.2 per cent in the early 1980s and has dropped to 4.9 per cent. Successful commercially, and Gam Gears closed its 15,000 sq there were some serious setmetres factory in Hitchin, backs, notably with the Comet

land bolding, leaving scope for a development of six warehouse directly employs over 15,000 units, inquiries for land or premover in Herifordshire, with satisfy are channelled through equipment and component sup-the Al campaign unit to other pliers.

districts in the corridor, a further Civil aircraft manufacture in are planned.

Aerospace

Hatfield is home to many famous aircraft

years, since the de Havilland Air-ments for another 64. craft Company first moved into

factory aince its formation in

The de Havilland group, comprising aircraft, aero-engine, pro-peller and other companies, remained based at Hatfield through to its incorporation into Hawker Siddeley Aviation (HSA), part of the Hawker Siddeley Group, in 1960. But although the name changed the factories did not. They remained at Hatfield. and have been considerably

expanded. HSA itself was nationalised in April, 1977, along with the British Aircraft Corporation, Hawker Siddeley Dynamics and Scottish Aviation, to form the state-owned British Aerospace, the biggest individual aerospace manufacment. Mitsubishi recently moved its national headquarters to BAR as it is consulted.

1985 Hstfield has thus been the

to the Mosquito light bomber of the Second World War, the early

together with the current major

employing 370, in the early 1980s. The site has been redeveloped to provide 11,500 sq metres, split into 33 units, all of them let, with total employment of 230.

Dent Publishers rationalised its lead believe according to the past 50 years or so, it is estimated that well over total employment of 230.

Dent Publishers rationalised its lead believe believe according to the publishers rationalised its lead believe believe to the province of the publishers rationalised its lead believe to the publishers rationalised its lead to the publishers rationalised its lea

ises which North Herts, or indeed | many more indirectly involved any other district cannot itself through sub-contractors, and

advantage of the concerted the Hatfield area alone employs approach. The campaign's about 4,500 workers. These are momentum will continue into primarily involved on the twinnext year when further activities engined small business and executive jet, the Type 125, of which Some work is also done at Hat-

crart company first moved into its new premises on a 400-acre site at Hatfield in 1934.

The company had run a flying lished its Civil Aircraft Market-school at Hatfield since 1930, ing Operations Centre, responsibility building its aircraft at its hile for the marketing and staging a large, Edgware, Middlesex, support world-wide of all the civil factory since its formation in the page 150 done at Hatfield on Airbus wings, while at nearby Stevenage, BAe has established its Civil Aircraft Market-ing Operations Centre, responsibility of the marketing and staging and the civil staging at the civil staging and the civil staging and the civil staging and the civil staging at the civil staging and the civil staging at the civil staging and the civil staging at the civil support world-wide of all the civil aircraft in the BAe stable - the 125 and 146, the Jetstream 31 (built at Prestwick, Scotland) and the Advanced Turboprop, built at

Woodford Manchester. Early in the post-war period, the aircraft side of the aerospace industry in Hertfordshire was joined by the newly-developing guided missile activities. These initially included the de Havilland Firestreak air-to-air missile, and the long-range ballistic mis sile Blue Streak, but over the years have expanded substan tially now to form the major ele-ment of aerospace activities in

the area. For on January 1 this year, British Aerospace set np its new Dynamics Division from the comat Stevenage.
This new division employs

about 19,000 people, many of them (nearly 9,000) based at the Hertfordshire sites of Hatfield, Welwyn and Stevenage, with the remainder spread through such other divisional sites as Bracknell, Bristol, Henlow, Lostock and Plymouth.

The division has the widest range of missiles and defence related products in Europe. These are broadly divided into air, naval and army missile systems, and also include such products as mines and mine counter-measures systems, message handling systems, anti-submarine warfare systems.propellers, radomes, wind-turbines, electro-optic tracking systems, environmental con-trol systems and a wide range of other equipment including gyroscopes and military computers.

Major missile programmes being undertaken by the Dynamics Division at Hatfield and Welwyn include the Alarm anti-radar missile under development for the RAF, anti-ship missiles such as Sea Eagle and Sea-Skua, and the advanced air-to-air missile; Skyflash.

Asraam and Amraam and on

trated m the design, develop-ment and production of land-launched weapons systems. These broadly consist of the Rapier family of anti-aircraft mis-sile systems and a range of antiarmour weapons systems, but in

AEROSPACE manufacturing has sales to date stand at 694, and the addition there is a constraint hear closely associated with Type 146 regional jet airliner, of aive amount of high technology which firm sales amount to 114 work in other areas, such as with the Hatfield area, for over 50 aircraft with options and committeers since the da Hauffland Air. gyroscope manufacture radouses microchip circuits and a wide range of mechanical electrical and electronic anginestics.

Although space activities come after guided weapons, they have nevertheless also expanded such new form a major part of the serospace industry's Hestford-shire activities.

The Space and Communica-tions Division of BAs is responsible for all the space activities within the company, and is the largest organisation of its kind in Europe, it is also the largest supplier of communications, satellites outside the US, and the third largest in the Western world.

The division's headquarters are at Stevenage, where it employs some 1,750 personnel. Product areas include satellites for selecommunications. TV distribution and direct broadcasting, together with specialised business services republic telecommunications. vices, mobile telecommunications and transportable Earth Stations.

weapons, Army Weapons and the Naval and Electronics Systems Divisions, with its headquarters Divisions, with its headquarters Communications Satellites (ECS) and the large multi-purpose Olympus I communications satel-lite for the European Space Agency, together with four Inmarsat II satellites for the International Maritime Satellite Organisation, three Skynet 4 mil-itary communications satellites for the UK Defence Ministry, and two Nato IV military comsats.

> The company is also a partner with Matra Espace of France in Satcom International, which markets the medium-sized EuroStar

> The division manufactures the Spelds external loadbearing dual-launch unit, which enables Europe's Ariane 4 rocket to launch two or more satellites during the same mission. In addition; the company provides the launcher release gear for Arlame.

BAe has also proposed an entirely new type of space vehicle - the Hotol (for Horizonventue - the note (for not con-tal Take-Off and Landing), a revo-lutionary unmanned launcher which will turn engineering dreams into-reality, by providing economic and reliable access to Much work is also being car vehicles, capable of taking off ried out in association with over and landing horizontally on norseas companies, particularly on mal runways, will deliver up to the advanced short-range and eight tonnes of cargo into orbit medium-range air-to-sir missiles and then return to earth.

> Hotol is currently under joint study by BAe and Rolls-Royce, with financial support from the Department of Trade and Industry, and it is hoped that further development contracts will eventually be forthcoming.

> > **Michael Donne** Aerospace Correspondent



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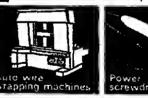
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Tesco. Changing the way Britain shops.

Alastair Guild on links between industry and the county's further education colleges

Teaching with an eye on tomorrow

THE COUNTY'S schools and colleges of further education are working closely with industry to tailor courses to the requirements of the growing electron-

ics-related and service sectors. The benefits of such haison are reflected in the low long-term unemployment rate for young people. Most school-leavers find employment or go on to further education by the autumn term.

The county council's labour market information officer works with companies to reach a better understanding of the labour market, plotting trends in the local economy and feeding information through to colleges so they can adjust their programmes. The technical vocational educational initiative, grant-aided by central government and running in Hert-fordshire since the early 1980s, aims to make school curricula

The 12 further education col-leges spread across Hertfordshire each offer courses with a strong vocational bias, many with a high degree of specialisation. Watford Technical College's

programme, for example, is orientated towards printing technology and engineering. Stevenage runs courses in microwave technology, while North Herts College is strong in business studies.

The staffing requirements of Hertfordshire's increasingly buoyant financial services sector are not making themselves foltoness. are now making themselves felt. Large companies relocating to the area may bring professional

local recruitment for administrative support. Those with legal explaining my commitment to industry and suggesting we explaining my commitment to industry and suggesting we explaining my commitment to industry and suggesting we explaining my commitment to industry in industry in industry for one year, focusing skills are at a special premium.

Every square metre of the college, "he says.

Every square metre of the college, on five sites in the country, industry's training needs.

day release or full-time courses, 1,500 full-time lecturers and many part-time specialists, Hertfordshire has one of the largest further education programmes in the UK. "We see the part-time course being of greater relevance to industry and that's the area

colleges is appointing a market-ing person. The county council is investing £200,000 in the scheme, one of the largest in the country.

Joint deals are now commonindustry and the Department of that discipline, but within two Trade and Industry matching months an HNC course, with 20 money invested by the county places, was fully enrolled and council in the latest equipment. running. Students spend one day "We're becoming bolder in that in the classroom and four days in area, a bit more aggressive," says in industry. Equipment was provided by GEC. Hawker Siddeley.

When another John Evans, built up their own expertise by became principal of de Havilland College, four years ago, he found

was refurbished, much of the work carried out by teaching staff during the vacation.

"Wa then approached the DTL explained the ready money we'd had from industry, and the department matched industrial funding." The local authority was we will be pushing." says Mr
John Evans, the county council's
principal assistant education officer for further education.

Each of the further education

Each of the further education

Tolleges is appointing a market.

GEC Avionics approached de Havilland two years ago with a requirement for training in soft-Joint deals are now common-ware engineering. The college place in Hertfordshire with had no previous background in industry. Equipment was pro-vided by GEC, Hawker Siddeley, Mr Evans.

A recent example is the purchase of printing equipment for panies, with much support panies, with much support

nology. They will report back on industry's training needs.

Taking pride of place on John Evans' office wall is a thermal Aerospace, software engineering map of central Hertfordshire, taken from 460 miles up by Land-sat 5. The college's National Cen-

tre for Cartography is linked up to the satellite, with the DTI acting as catalysts in providing company's needs and finding pump-priming funds for the cen-tre and industry funding nearly tre and industry funding nearly requirements, so making it more all necessary equipment. The cost-effective," says Ms Levine. centre takes 80 students a year. The polytechnic recently opened

Training for the distribution sector is one area about which Mr Evans is concerned. Distribution firms are flocking to the county because of its strategic position. Last year 68 per cent of Hertfordshire's school-leavers went into distribution or retail number of part-time students, employment "But I haven't out employment. But I haven't got says Dr Tom Hanshoe, director of tronic engineering. one member of staff or one stu-studies for biological sciences. The polytechnic

only aims to reflect the needs of one of five institutions to bid suc-industry in its undergraduate cessfully for money under the course provision but sells its National Advisory Board's bio-

"We go to industry to find what their training or retraining needs are, and customise short in industry for one year, focusing courses accordingly," says Kathleen Levine, the polytechnic's and microprocessing courses for Marconi and a staff management

other companies with the same au per cent of them from over-seas. Graduates, who receive a DEC Vays. The enhanced com-Brec diploma in cartography, puter power of 100 dumb termi-find jobs in land surveying or go on to take degrees, many of them at Hatfield Polytechnic.

Training for the discrete from offices and laboratories across the United

dent in distribution," he admits.

Hatfield Polytechnic, with 5,000
students and six faculties, not a considerable reputation. It was company visits.

The Department of Education course provision but sells its National Advisory Board's his versities are eligible to apply, and the last 20.

and managerial staff or advertise the college in a sorry state. "I and Science, encouraged by the both in the form of consultancy initially £44,000, increasing annuationally, but they still rely on went round local companies, success of the software engineer and short courses. ally by small increments. The biotechnology suite for small batch production, at a cost of £100,000, next to its chemical process laboratory.

It now offers a two-year day release master's degree in bio-technology, with places for over 16 students. The course concentrates on enzyme and fermenta-tion technology, plant and cell programme for Tesco.

"We package courses for smaller companies, identifying a year a major research project

Polyfield Services, a company closely associated with the poly-technic, helps small to mediumsized companies within a 45-min-ute radius of the campus to meet quality assurance standards. Though it has access to central polytechnic services, "it is a com-pletely arm's length company and entirely self-supporting," says Dr Alan Younger, its manag-

The polytechnic expects to hear next month whether it is one of the 10 institutes of higher under the MSC's Enterprise ini



John Evans, head of de Havilland College, in its automation cents

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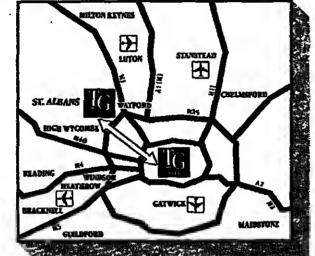
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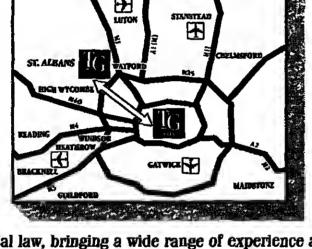
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Why planners are in a pickle PRESSURE ON areas around Harlow was recently given the High-level managers of multi-Stansted will increase in the next go-ahead by the Environment national companies with a plant Secretary, Competing schemes in central or east Herts already

Stansted Airport

24 months, culminating in a number of crunch planning applications and appeals. That is the view of some analysts who believe that local authorities might as well accept it and make preparations accordingly.

If councils take an intransigent

view towards commercial development and lose on appeal, then that could open up the flood-gates, says Mark Prisk, manager of the London office of Derrick, Wade and Waters, property and design consultants. The danger is that they will lose control of travelling time.

what is the eventual outcome.

Any vestige of strategic planning to accommodate the natural increase in population in the area (which would have occurred without Stansted) has been forsaken for a "damage limitation" policy to keep newcomers and businesses away, says Andrew Noyes, a property analyst with Bidwells in Cambridge. A different interpretation is put on events by local planning

authorities. Essex and Hertfordshire county councils and East Hertfordshire and Uttlesford district councils reached agreement in May last year on how they wish to see development accom-modated as the airport builds up to 8m passengers a year by the

Their aim is to limit the impact of the airport in this area of attractive undulating and productive countryside, most of which is Grade 2 agricultural land. The local authorities' objective

employment to the airport site; to industrial use stand at the channel spin-off economic active an acre, and for pure office channel spin-off economic active an acre, and for pure office channel spin-off economic active an acre, and for pure office channel spin-off economic active as a school of the asking price in is to direct all airport-related ity to the area to towns, while schemes range from 2450,000 to spreading the economic benefits \$500,000. The asking price in to Harlow and Braintree in particular, and to locate most of the additional housing related to an acre, while in London Dock-Stansted's expansion near the airport, with Bishop's Stortford accommodating an additional and Bishop's Stortford accommodating an additional tool dealling. Harlow and Bishop's Stortford to the story of the sto 1,000 dwellings, Harlow 1,100 and Uttlesford district 900.

They want to phase all airportrelated housing, with Harlow pro-viding the first phase starting before 1991. Brenthall Park, a development of 3,500 houses in

have been drawn up for Bishop's talk of the convenience of Stortford's housing allocation. Stansted, with total journey time Elsewhere, new housing is not to Paris or Brussels, door-to-door, required until the 1990s, and will of as little as two hours. be phased with the build-up of

employment at the airport. A further 1,000 airport-related live, and they may prefer to live houses will be needed within the outside London," says Mr Prisk. Stansted catchment area, broadly

The residential market along the defined at the public inquiry as M11 continues to rise rapidly. A within a 30-minute travel time small Victorian terraced house in from the airport but beyond the area defined as being close to Stansted, or within 15 minutes'

regional requirement or justification to plan for further economic development in the immediate vicinity, continues the statement. Sites already exist for economic development outside the airport perimeter, including 54 bectares of land at Harlow, with a 17-hectare business park, and provision in the town for commercial office development, and further from the airport, 36 bectares of land at Braintree. Additional provision is being considered within the airport's catchment area.

But there is a question-mark in the minds of the property frater-nity whether that will prove sufficient. The Stansted area is likely to be seen increasingly as a preferred location, particularly for high tech companies, as land prices soar at either end of the M11 corridor, in Cambridge and London Docklands.

Harlow and Bishop's Stortford have been under the greatest sure so far for con and industrial davelopment, though Bishop's Stortford aheady suffers from considerable traffic congestion. But areas within the town centre are lvacant or underused. Saffron Walden may be the

next town to feel the heat. There is still land waiting to be redeveloped and brought forward in towns like Stevenage, which also falls within the Stansted catchment area, but such opportuni ties are fast running out.

More and more companies are wanting to locate along the M11 corridor for reasons other than land prices. As 1992 approaches, the communications advantages of being near London's third airport will prove attractive.

Farm lessons

LAWYERS and bankers often need to know more about farming and land manage-ment, say Halsey & Partners, managers of the Gaddesden Estate, near Hemel Hempstead. Their Home Farm seminars, from one to three days, are tai-

ments of their audiences. The 2,000-acre commercial farm includes cereal, oil seed and pulse crop production, large-scale dairying, beef production, wintering of sheep and a thoroughbred stud.

lored to the particular require

A conference room seats 50 comfortably and, apart from lectures, the estate has a heasant shoot and trout fishing. Hunting with three packs is available.

Bome Farm charges from £145 for a one-day course.

"Companies tend to want to go where their directors want to Bishop's Stortford, for example, which sold for £27,500 in 1985 might now be expected to fetch more than £55,000.

appeal at some stage over an-office or business park scheme.

and villages where land is designated as green helt, but fells between being lush fields and urban ribbon development. Such white land often ends up as a tip or being abased. There's a case for much more infilling adjacent to the airport," says Mr Prisk.

That the local authorities resolve on development around Stansted will eventually be put to the test seems beyond doubt. What would be a reasonable compromise on the green belt for property investors may appear as the thin end of the wedge to county and district councils. The final judgement is likely to rest The growth of the airport site

Harlow may have taken most final judgement is likely to rest

will generate economic activity, of the commercial pressure so with the Secretary of State for
but there is no inevitability nor far, but there is likely to be an Environment.

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act play to light

The number directly employed in acrospace and defence in the county approaches 25,000, according to estimates from the Herts Business Databank et Hatfield Polytechnic British Aerospace at Stevenage and Hatfield account for: 15,009 jobs, with Rolls Royce, Lucas Aerospace, GEC Avionics, Racal Acoustics, Hawker Siddeley Dynamics and Irvin (GB) being the other significant defence employers. Hertfordshire has the fourth highest concentra-tion of defence industry sites of any county in the UK.

There are, in addition, many electronics companies involved to se extent in the defence industry, with Marconi Instruments, ICL and GEC Computers being among the more significant, and many smaller firms providing components or site-related support services. There continues to be some

concern about the county's dependence on companies which are themselves dependent on defence contracts and govern-ment procurement policies. British Aerospace is still the predommant employer in Stevenage, accounting for over 20 per cent of

those in work.
Without British Aerospace, Stevenage would have become enother Corby, said one study of its impact on the town. Of the top 10 companies in Stevenage 10 years ago, only BAe, ICL and Combustion Engineering of the private sector companies remain.
Kodak, ICI (Visquesa), Rowater
Containers and CPI Data Peripherals pulled out of the town in the early 1980s. Many of the sur-Employment at BAe during this period was stable, though last year the total was 400 below its 1985 peak of 8,600, reflecting pro-

ductivity and efficiency drives. The presence of companies such as BAe must have been one of the factors influencing other high technology companies to move to Hertfordshire. There is a cumulative effect one feeds off the other, says Iain Begg, a IF YOU have any myths or preju-research officer in the depart-dices about flat roofs, Permanite ment of applied economics at will try to dispel them. This

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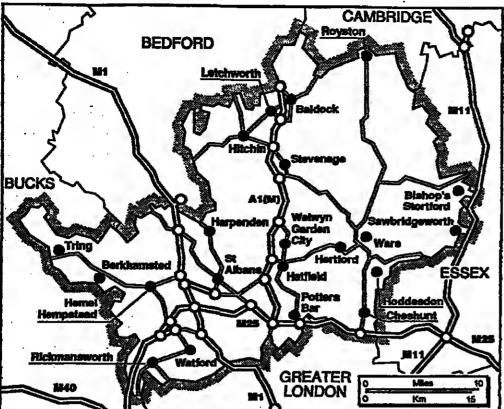
A study last year by Mr Begg and Gordon Cameron, professor of land economy at Cambridge found that Hertfordshire has the A study and year by Mr Begg even times free training courses of land economy at Cambridge for designers and contractors at its Hertford headquarters.

Of course, flat roofs should never actually be flat, says the tech of any county in the UK, or twice the national average.

The study and year by Mr Begg even times free training courses for designers and contractors at its Hertford headquarters.

Of course, flat roofs should never actually be flat, says the technique of the study also showed a statisfic to the state of t

tically significant link between the share of defence expenditure in a region's total gross domestic installation practice is followed. And if that isn't enough, the Pharmaceuticals, the other single most significant sector in the Torslex roofing is laid by an



Alastair Guild looks at the county's industrial base

The beacon of BAe

has grown in importance consistently since the late 1930s, though some firms have moved production out of the county as industrial space becomes at a premium. Roche and Smith, Wine and French are two of the company from London.

National Westminster has just took has already opened its Standard westminster has just announced that it is moving its south-east regional office from house expects to move into its new building, also in St Albans, viving large companies such as in the county, as well as research ICL. Platignum and Taylor and administration, while Glazo Instruments laid off staff, is consolidating its research

Watford already has a significant services sector. National West-minister International has activities in Stevenage. located a regional banking centre in the town, while large insurocated a regional banking centre organisation, investors in indus-try, have also set up major regional centres there.

before the end of the year.

Hertfordshire, south Bedfordshire and direct access to expertise in management buyouts, USM and

Price Waterhouse is taking a se on a 26,000 sq ft property and will be starting with a stat struction expertise, mana

"The practice will cover as far suggest that the answer-could be Genumat. That, it so happens, is Permanite's torch-on roofing system which embraces insurance cover, a comprehensive guerantee, design advisory service and Robert Clark, managing partner

tor is, by contrast, a new phe-nomenon in Hertfordshire, one of ance, and the venture capital the most significant examples to date being Confederation Life which moved its UK headquar-

member of the Tarmac Group even runs free training courses

Flat roofs are slightly sloping ever, a flat roof can be damaged.
Accidents, workmen installing
or maintaining equipment on the
roof, debris blocking rainwater
outlets, birds, even wind-borne
leaves are cited by Permanite as

pitfalls from above. Now it has come to the rescue with e free service, appropriately ed Roofcheck. Its representative inspects the roof waterproof-ing, gutters and outlets and sup-plies a report. design is correct, the right mate-The representative might well

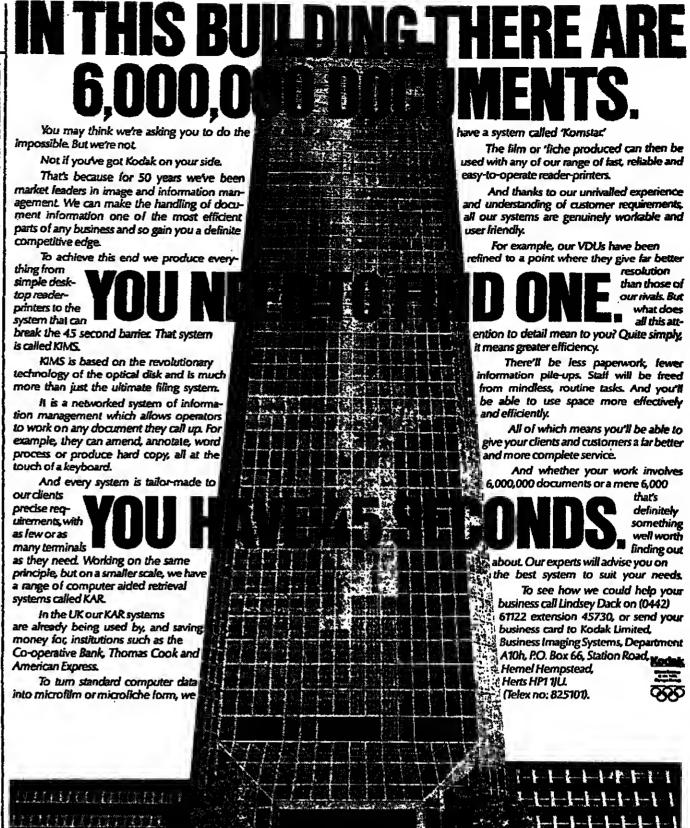
for 5,600 jobs across 17 firms. It Despite its advantages, how- installation by approved roofers. for the St Albans office.

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THE ENERG were made (totalling 531,000 therms p.a.). THAT IMPROV HERTFORDSHIR

> In fact, for these seven organisations it has resulted in them each winning a Gas Energy Management Award.

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BUSINESS.

fordshire will figure somewhere. The county has had a strong pharmaceutical presence since the 1930s. It was the area's environment, as typified by its gar-den cities of Letchworth and Wel-Welwyn is 111m a year. wyn, that originally provided the right sort of atmosphere for Roche's vitamin and chemical research scientists' creativity to warehousing and distribution flourish. A history of Roche puts centre. Communications are good it this way. Roche of the 1930s for both products distribution

increasingly successful in an chemicals production facility at innovative and expanding indus-balry in Ayrshire, as well as in try; the Garden City was the Basle. Heathrow is reasonably practical embodiment of a bold idealism, breaking away from the satanic factories and the sprawling slums spawned by the Industrial Revolution, and creating i, a pleasant, modern setting, with plenty of space, light and air, for people to live in and to work. Welwyn also had easy access to London and good road and rail links with the rest of the

Roche acquired a 999-year lease on a six-acre site, the heart of the company in Britain today. Some 90,000 sq ft are now devoted to the manufacture and packaging of drugs and medicines, with 150 employed in production. Every year 1,300m tablets, 350m capsules, 18m ampoules and 10m packs of one sort or other leave the Welwyn plant, accounting for 95 per cent of the drugs sold by Roche in Britain today.

The company has also invested beautiful in research facilities on

heavily in research facilities on the site, building in 1982 a £4m extension to its research unit, providing 110,000 sq ft in total. This has provided the 300 scientists with, among other benefits, instant access, from computer terminals, to information stored both in Welwyn and at the group tising agencies, are London-headquarters in Basle, as well as based," says Mr Tom Kelly, Stafford Miller's managing director. Garden cities

Taking to the tablets

on research and development at

and Welwyn Garden City were, it and employee travel and visitors would seem, made for each other. to the site, says Roche. The con-The company was becoming pany has a major vitamin and acreasingly successful in an chemicals production facility at accessible, while Luton Airport is used increasingly for trips to Roche's subsidiary in Dublin.

Stafford Miller set up in Hert-fordshire also in the 1930s. though it transferred production to Wales and Plymouth 10 years ago for lack of land on which to expand its factory. The company then employed 120. Its staff now totals 350, of whom 70 are marketing and headquarters staff, with the rest in production. Staf-ford Miller is soon to move from 12,000 sq ft of offices in Hatfield to 30,000 sq ft in Welwyn Garden

Block Drug New Jersey, Staf-ford Miller's parent, has its main research centre in the US, where it has developed such products as Sensodyne toothpaste and other oral hygiene aids bearing that brand name, denture products and prescription drugs. But Staf-ford Miller exports from the UK to 52 countries in 22 languages and dialects. UK turnover is £30m, about 40 per cent accounted for by exports.

"We are a very marketing-orientated company and most of the facilities we need, such as adver-"If we moved our headquarters to



Plymouth, we would spend a lot

All staff, including computer operators, clerical grades and those with accountancy skills, are recruited locally, but senior ment tends to come from outside the county.

Glaxo, with its main research and development site at Ware, is building a new centre on 70 acres in Stevenage, where research activities, currently split between Ware and Greenford in London, will be consolidated. This is intended to increase productivity and efficiency from research There will be 600 chemists and 800 biologists working at Stevenage. Some staff will transfer from Ware, but 600 support employees will be recruited locally.

At Ware, up to 200 staff are recruited each year, in the ratio of three technicians to two gradu-

ates, and about 100 of those are local. The minimum require in 1977 with an investment of ments are four or five Ordinary £45m, while warebousing and dislevels, inclinding English and tribution is based not far away at Maths. A few of these entrants The Ridgeway. Research is also bave progressed to doctorates carried out in Philadelphia and

ment covers quality control, pharmacy, or in what form the drug will eventually be delivered. toxicological testing and clinical evaluation.

The bulk of Glaxo's full-scale production takes place in the they set up in Hertfordshire, north of England and Scotland. could supply a significant propor-South because "we need the diacounty's pharmaceutical indus-logue with academics," says Dr try, though whether such compa-Roy Brittain, principal research nies could depend entirely on Roy Brittain, principal research nies could depend entirely or director, Glexo Group Research. such business is another matter. "We have contacts with London and Cambridge universities, and

undertake joint collaborative research, though we do that with universities elsewhere in the country. It is the ease with which yoo can attend evening symposia or society meetings in London that is so convenient."

Glaxo also makes use of the contract research facilities at the Huntingdon Research Centre, 35 miles from Ware, while it sends staff to Hatfield Polytechnic for further education, providing chemistry graduates, for example, with a basic course in biol-

US-owned Smith, Kline and French makes up the quartet of large pharmaceutical companies based in Hertfordshire, moving to the county from south London in the late 1950s. Welwyn Garden City is now the site for all production for the UK and overseas markets, pharmaceutical develop ment, analytical and quality con trol, and UK and overseas administration, with a total of 1,650 employees. Vaccines are the only products which the company supplies in the UK that are made overseas, in Belgium.

The company's research centre moved from Welwyn Garden City to a 39-acre site nearby at Frythe while working at Glaxo, something the company encourages.

Development work at present carried out in Greenford is to move to Ware. The term development covers quality control. products, transported by van to wholesalers throughout the UK. But it does have to cast its net quite widely for some materials

There are companies which, arch has to be based in the tion of their products to the

Retail, office and high tech developments

A property boom

tres such as St Albans and Wat- by car. ford, but is moving steadily east—
wards and northwards, writes the decision to expand Stansted

Alastair Guild. The completion of the M25 provided the initial impetus, at least in the south-west of the county. Improvements to communications elsewhere in Hertfordshire have added to its attractions for firms spurred to look outside central London and Docklands by rents pushed sharply upwards because of high rates of take-up. But Hertfordshire is itself not without constraints. The county

council has expressed its concern about the amount of industrial land already lost to residential development, particularly in the north and east of the county. It is also monitoring proposals for office schemes on industrial sites. These are thought likely to

sites. These are thought likely to become more common because the new B1 Business Use Class, for planning purposes, no longer distinguishes between offices and light, industrial uses. The loss of industrial land is likely to continue as light industrial users find themselves unable to compete with office users for land

The county council has sought to encourage improvements to the fabric of some of the older industrial areas by making pump-priming resources avail-able through its capital programme, to secure the re-use of vacant premises, provide accom-modation to small firms, improve operating conditions, provide extra car parking and environ-

But Welwyn and Hatfield district council has indicated it will not grant any more B1 consents for offices since there is already 750,000 sq ft of this type of space with planning consent. It wants to channel other types of B1 uses, such as high tech and traditional light industry, towards the fringes of employment areas and keep much of these areas for general industrial schemes.

The majority of the 3.7 per cent unemployed in its area are unskilled and, says the council, they are unlikely to find work in offices or high tech buildings The shortage of standard industrial and warehouse accom-

modation in parts of Hertfordshire, at least, is confirmed by Mike Ayton of Hillier Parker. "We are finding it very difficult to satisfy clients' demands for that sort of space.
"We carried out a search in St

Albans and Hatfield for units of between 30,000 and 40,000 sq ft and found less than half a dozen opportunities. With the changes in use classes, developers are now looking more closely at industrial estates, but it doesn't necessarily mean that companies will rush to take that space.

But towns are constrained also by surrounding countryside. There have been, as a result, few out-of-town sites available for development, a notable exception being the BP headquarters building at Hemel Hempstead. Most of the new towns are now mature with very little development land left, says Mike Davies, a partner

in local agents Moult Be "There would have to be a lot of rental pressure to make it viable to clear and rebuild the older industrial and commercial

So far that has happened to my great extent only in Hemel empstead. There rents (a sq ft) for commercial offices have reached £13, for high tech prem-ises £9 and for industrial ware-housing £7.

Hemel Hempstead has experi-

enced more high tech developments than the rest of the county put together, though for a long time there was a high vacancy rate due largely to the large

block of development and the low standard of some schemes. The north of the county may be the next to experience deve opment pressures, says Mr Davies. "High tech buildings are expensive to build and, until recently, there hasn't been any clear indication that investors would achieve sufficiently high rental growth in northern Hert-fordshire. But it is only a matter venage and Letchworth offer great potential." The price for

airport has yet to be felt, but a small indicator is the rise in office rents in Bishop's Stortford over the past two years, from 26.50 a sq ft to £11.50 a sq ft.

Perhaps the greatest turn-ground in property terms is being enacted along the A1 corridor. "We are looking at a handful of business park possibilities in Welwyn and Hatfield which developers have not yet seriously considered, says Howard Woo-laston of Knight, Frank and Rutley. "These will provide properly designed offices in a business park setting, in effect office parks and for that we will get top

Access point

GRANADA LEISURE relocated from London to its head office in St Albans in 1974. The site was chosen for its ease of access to Granada's sites operating in the north and south, and with the opening of the M25 travelling east and west is now much simulated. now much simplified.
At its St Albans her

ters the company, part of the Granada Group, houses its accounts department, which is linked by computer to sites around the country. Also there are its building and publicity department as well as central administrative sections.

rents of £20 a sq ft and upwards for fully fitted space." Most busi-ness parks in Hertfordshire so far have been piecemeal develop-ments tacked on to existing industrial estates. He expects the 100-acre site "will open up a totally new market for companie to relocate from central London. Meanwhile, demand for office

space in St Albans, which has benefited from improved rail

Rents in St Albans could well follow the trend of Maidenhead in Berkshire and break the £25 a ft barrier once a 10,000 sq metre scheme on a three-acre site by the Abbey station comes through, says Mr Woolaston.

Office rents in Watford, which already rank it as the fifth most expensive town in the south-east egion, are now rumoured to have risen above £20 a sq ft. The south-west of Hertford-

experienced most pressure so far for large, out-of-town retail schemes, though development activity has also been healthy in town centres throughout the to council homes, such as houscounty. An indication of just how ing associations, healthy is the £100m figure for The county c investment by Tesco in Hertford-

Marks and Spencer. The com- a draft paper, due next month.

HERTFORDSHIRE IS experience industrial land in Letchworth is pany, based in Hertfordshire, ing a countywide property boom. Interest is no longer focused exclusively on established centres such as St Alberts and West towns are only 15 minutes away towns are only 15 minutes away towns are only 15 minutes away towns are such as St Alberts and West towns are only 15 minutes away towns are such as St Alberts and West towns are only 15 minutes away to the following the fol

The M25 has also opened up massive catchment areas for superstores, and Herifordshire has more intersections them any has more intersections then any other county. It is at one of those intersections, the Golden Triengle at Bricketwood, that the county council's policy on both green belt and out-of-town shopping will be put to the test. The inquiry into the 750,000 sq ft scheme was completed in March.

Mark Con

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The county council has also contested a smaller scale pro-posal for a Save-a-Contre at another M25 intersection at London Colney. This was for an area or comey. This was not an area of land zoned for industrial use. The council wants to maintain the council wants to maintain the county's pool of industrial land and the application will go to areas!

to appeal. Stevenage, Watford and Welwyn Garden City are three of the towns to benefit from major towns to benefit from major retail schemes in or adjoining their centres, while Park Plaza, being built on the roof of the Al Hatfield tunnel, is among the large out-of-town retail developments going shead on non green bolt land. belt land.

belt land.

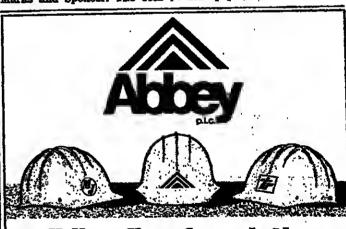
Green belt policy is also having an important bearing on housing developments. Consortia have been eyeing the county's potential for new settlements on the scale of Tillingham Hall for some years, though planning applica-tions would be strennously resisted by many in the county, not just the council.

Various modifications to the green belt have been proposed, nevertheless, to allow for more housing. A county council sug-gestion that green belt boundaries be redrawn to provide for 1,200 homes at Hemel Hempstead was turned down by the Secretary of State. A planning applica-tion was submitted recently for a housing development to the north-east of Stevenage. Howlinks to London, and Watford, green belt boundaries be amended to allow for 2,000 dwell-ings was scaled down to 1,600 houses by the Secretary of State.

Consideration has also been given to the use of land at present occupied by hospitals, closed or due for closure. Some of these, the county council suggested, should be taken out of the green belt and used for housing. The Secretary of State says that the scope for other institutional uses must first be explored and that redevelopment should be limited

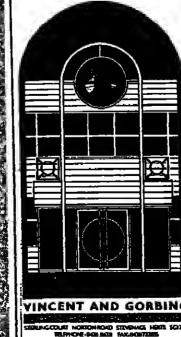
to the existing built-up area.
Hertfordshire is likely to face increasing demands on its housing stock. Most district councils are now examining alternatives

The county council has been conducting a study of Hertfordshire's housing problems and Tesco has also chosen Hert-fordshire as the location for its first joint development with



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SECTION IV

FINANCIAL TIMES



it is an enabling technology capable of enhancing many industrial activities. For many investors,

however, biotechnology is simply a new way of inventing miraculous cures, which helps account for the volatility of the market. A survey by

David Fishlock, Science Editor

investors and enthusiasts

The changes promised ranged dards of care all the way from making commercially.

EROTECHNOLOGY'S potential is undiminished — only the investor's perception has changed, a banker assured a conference in London recently, arranged by Swiss Bank to update European investors, analysts and fund managers on some of the progress and changes. He estimated finat over \$2bn had been raised in the capital markets in support of biotechnology companies.

By any absolute standards, the pace of hiotechnology has been breakneck since the mid-1970s, when the subject shed its old image of industrial microbiology and re-emerged in a glamorous new guise. Where previously it had been restricted to the microorganisms that nature provided, the calibre of neurole needed to the calibre of neurole needed to

dards of care if it is to succeed

microbes more in tune with the climate and pace of the produc-tion line, to mimicking and even which could be of assistance to a improving upon nature, by augmenth wider ranger of industrial menting the flow of a host of activities than microbiology, complex chemicals used normally Those who recognise this fact by our bodies. Some of the names most clearly are the specialised of these chemicals — interferons, investment trusts such as Bio-interleukins, insulin — became technology Investments with its household words.

At the same time a more subtle interests, and trade associations change occurred in the industrial such as the Association for the practice of microbiology, the fer-



Biotechnology

nology (AABB), trying to cater for such diversity.

For many investors, however, biotechnology remains simply science research team with a pro-digious appetite for cash, and a which has not yet proved the operation of ideas culled from academia for fashioning drugs to overcome such diseases as cancers, heart disease, rheumatism, been widely – if not always carearthritis, Aids and other virus fully – copied, are certainly achief infections, and inborn metabolic ieving their targets. A popular disorders. The widesmread years, one in the early 1980s was tissue disorders. The widespread yearning to defeat some of these ills -

Collectively, the biotechnology investor can have little cause for For many investors, however, complaint with these "biotechnol-biotechnology remains simply ogy boutiques." True, it usually the prospect of inventing a drug took longer and cost more than for what has been thought an the scientist said, but no-one incurable affliction. For them, a should have been fooled by that. biotechnology company is a bio- True, too, there have been disap-

one in the early-1980s was tissue plasminogen activator (t-PA) for especially cancer - is already dissolving blood clots. Several plain from the generosity with research teams have succeeded which research charities are here and t-PA reached the market in the US late last year.

boutiques launched in the late 1970s and early 1980s survive and can still raise cash for their research. Few have folded or been bought out. The biotechnology trusts report that invitations to fund new biotechnology ventures are coming in at an accelerating rate, currently three or four

a week, mostly from the US.
The technologies in which such
ventures specialise is steadily
widening. Recombinant DNA or "gene splicing", the original tech-nique to which the term genetic engineering was applied, remains the dominant one, it has proved a very powerful and versatile way of modifying microbes to make them more useful workhorses. The hybridoma technique of

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making monoclonal antibodies has also proved powerful and

AABB's worries that biotechnology on their ideas there would be nothing to invest in, while commercial experience to teach that good management rather than academic brilliance is the what he calls "a great disservice" by an ill-considered EC regulator synthesising a gene; membranes crafted with the exquisite precision of a living cell wall, claimed for example to remove alcohol from a beverage without changing its flavore. changing its flavour, a way of cultivating a patient's own skin cells to grow pieces of living skin for grafting.

The beauty of many of these

CONTENTS

City attitudes Government suppor The big compenies international perspective

New ways to get into blood

Antibody engineering Stx key companies ☐ litustration by Ann Chass Based on Histology by John Rhodin (Oxford Medical)

peripheral opportunities for bio-technology is that, while promis-ing to solve real and widespread problems, they may avoid the expense and delay inevitable nowadays in demonstrating cacy and safety in a new drug. If the bio-enthusiast has misled the tory worries is the question of public information on biotechnol-in maintaining investor at all, it is in underplaying both the time and the cost of convincing regulatory anthorities. The established drug industry recognised this from the start. Moreover, the painful experiences of such companies as British Petroleum, ICl, Nestle and Ranks Hovis McDongall in the 1970s provided ample evihigh-tech husbandry promoted
dence that biotechnology applied by an industry desperate to get
to new foods and animal feeds "returns for importunate inves-

latory burdles If further evidence is needed in If further evidence is needed in a well-informed public through1988 that biotechnology has won a place in our society, it can perhaps be found in the pages of Private Eye this month, which mocks the pretensions of the Cambridge company Plant Breeding International in trying to conversity. Mr Richard the pretensions of Pearson deputy director says it

Graver problems, however, ing. concern of the trade association ical engineering. He foresees an AABB, representing about 80 intensifying of present skill firms out of a catchment of pershortsges in plant molecular biolhaps 100 in Britain, is regulation ogy and in key specialities within as it affects manufacture and bioprocess technology. testing of genetically engineered

governments are voicing views assuage its own fast-growing about the alleged risks of envi-ronmental release of modified Flow of finance is one further microbes - whether deliberately in agriculture and elsewhere or technology generally. There are inadvertently in an industrial still some obstacles to ensuring leak - which appear to parallel nas also proved powerful and leak — which appear to parallel link the firghtest ideas are increasing versatile, and will their fears about nuclear power. backed. Some of them are rooted become more so following its successful fusion with gene-splicing ment Chemist, in charge of own the intellectual property, to "humanise" animal antibodies. Britain's support programme for their ideas there would be noth-stimulated a host of associated anost of associated anost provided the done of their countries for histochnology.

ciples of the three proposed Bure pean directives currently being circulated for comment. What worries them most is how long it takes to get European legislation

ogy, and its role in maintaining the present benevolence of Brit-ish public opinion generally. Pockets of intemperate antago-nism – the Vegetarian Society recently castigated the proposed use of bovine growth hormone to boost milk yields as "perverted high-tech husbandry" promoted would also face formidable regu-tors" - convince the AABB that it must help create and maintain a well-informed public through-

vey its message hy means of Pearson, deputy director, says it what it calls a "crisply contemporary" logo representing "the "for which the boundaries, priorities and skill needs are changement of the contemporary of the contem

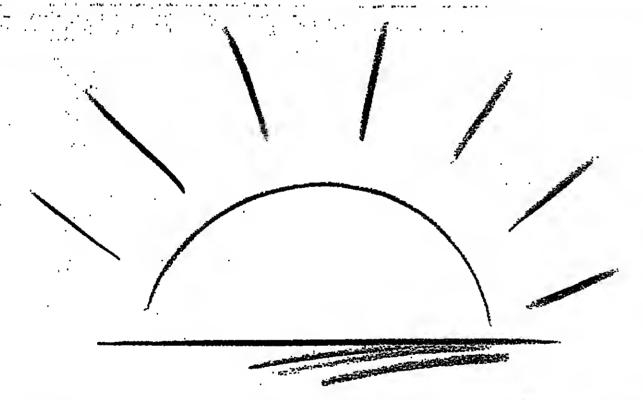
face biotechnology as it emerges He forecasts a 10-15 per cent from a decade of frenetic annual growth in demand for research and development into a professional staff, and growing world which has sometimes emphasis on plant molecular treated the elitism of high tech-biology, downstream processing, nology very harshly. A major protein engineering and biochem-

Mr Pearson warns that the US can be expected to increase its Some European Community efforts to recruit from Europe to

worry for the development of biothat the hrightest ideas are

industrial progress.

Mr Ed Trewhella, the AABB's receive "just rewards" even secretary, and his chairman Dr though they are assigning con-Peter Rodgers, say the associa- trol of their intellectual property tion generally supports the prin- to the company.



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Ventures that may appeal to the heart of the City

First, just a year ago came the dence of an original idea in decid-bad news for Genentech that it ing where to invest. had failed to win the approval of The October crash which the US Food and Drug Adminiscrassed the Rothschild portfolio to tration for its genetically engi-plummet (see chart) proved a neered tissue plasminogen activa-boon to the new fund. Abing-tor (t-PA). This setback for the worth raised \$50m in August and companies adversely affected a says Mr Leathers. large number of bio-shares.

THE PAST year has been turbulent for hiotechnology shares, for finds rank evidence of management skill more highly than evidence of management skill more highly more

undisputed market leader among was "very fortunate in having an the new research biotechnology instant bear market in October,"

There was much distress sell-The other two reasons were ing in biotechnology and at this not specific to biotechnology, time he made investments in They were the Wall Street crash such quoted US shares as Amgen,

Both of the biotechnology funds report that there has been a healthy flow of fresh invitations to invest in unquoted companies, particularly from the US, but also, to a lesser extent, from the UK

in October and its consequences for stock markets workwide; and Institute - all leading US what Lord Rothschild, chairman research companies launched in of Blotechnology Investments, the N.M. Rothschild biotechnology trust, calls the "disequilibriating gyrations in exchange rates, particularly involving the US dollar."

Biotechnology Investments, technology Investments, under touchstone of investors by virtue its new fund manager, Mr Jerof the sheer professionalism it emy Curnock Cook, reports 99 has brought to bio-investment through the team of managers end-November, compared with 48 and scientific advisers built up by Lord Rothschild since 1981, suffered a more personal setback last year. Two fund managers left to form a new bio-investment trust for Abingworth Manage-

They paid their former employer the tribute of launching Biotechnology Venture Fund with "exactly the same investment policy as Biotechnology Investments," says Mr David

Centocor, Immunex and Genetics

the 1980s primarily to develop

new therapeutic drugs.

Both of these funds report a healthy flow of fresh invitations to invest in unquoted companies particularly from the US. Biofor the same period the year before. Of these, 73 came from the US and 15 from Britain, leaving only seven from the rest of

Biotechnology Venture Fund reports a flow of about three pro-posals a week, of which 75 per cent come from the US and 20 per cent from Britain. So far it has invested \$15m in both unquoted and quoted shares. Biotechnology Investments

Biotechnology Investments Fully paid share price 2.50 2.00 Net asset value



Lord Rothschild, chairman of Biotechnology Investments

and two elsewhere in Europe. The fund has recovered, says Mr

But there is other evidence spent by patients in hospital true capital sources.

The Charterhouse managers see the sector as very suitable for steence and blotechnology seriously as a potential source. ously as a potential source of ciency, says Dr Brian Burroughs, money-spinning new products, Since the Medpro trust has a especially therapeutic drugs.
Two new venture capital funds,
launched in London this year,
have stressed healthcare and bio-

for launching new bio-ventures.

of improving the efficiency and mainly in Britain.

now has a portfolio of 48 productivity of medical practice, unquoted investments, 33 in the It takes its cue from the rising US, 12 in Britain, one in Ireland cost of medical care and a belief among its fund managers that hiotechnology in its manifold The fund has recovered, says Mr hiotechnology in its manifold healthcare. In particular, it is Cook. What began in 1981 as a forms can make an important seeking new British ventures and contribution to cost control, for co-operation with European ventures and contribution to cost control, for co-operation with European ventures and contribution to cost control.

lifespan of only eight years, it will not be venturing into drug development. Its managers - all claiming considerable industrial technology as targets. They also experience - want to see clear about film in six hiotechnology express confidence that Europe evidence of an exit route for its and healthcare start-ups. Dr will try to match US enthusiasm new ventures; a point also

Charterhouse Bank has launched a \$40m European venture capital fund with a strong emphasis on hiotechnology and

normally susceptible to economic Their confidence is rooted in a

smaller fund launched for Charterhouse in 1984, hy Dr John Walker, which has invested Peter Rodgers (left), chair

bank, has set up Medpro, a trust Medpro hopes to raise enough the Medpro hopes to raise enough the Association for the companies with a common terms launch 20-30 new ventures, Advancement of British

Walker expects half of his new have been signed so far. fund to be invested in these two

technology published a brief survey of the attitudes of venture Charterhouse Venture Fund and Guinness Mahon collahorated in one start-up earlier this year, when they helped launch Bioprocessing Associates, a com-Investors. Ms Hilary Marsh, an association council member, interviewed managers from 14 pany with a new way of processing blood. Its technology meets the Medpro criteria for it promises to reduce dramatically the cost of fractionating blood. siasm and the characteristics

Before joining Charterhouse Dr Walker had launched 3-i Ventures into biotechnology with such investments as Celltech, Imperial Biotechnology and Plant Science. The 3-i portfolio, man-aged today by Mr Philip Morgan and Dr Sheela Kapadia, now numbers six investments, all hased on university or teaching hospital ideas. Celitech has been sold, but new ventures include Biocompatibles, involving the Royal Free Hospital, London, and Brunel University in a venture to exploit new medical materials, coatings and devices.

The "anterprise cheque"

scheme is a new initiative to finance developments which are past the basic research stage and seem to have reasonable commercial potential, Dr Kapadia says. It was launched last year by 3-in response to a demand it perceived for small sums of cash to allow dons to prove feasibility or collect extra data for ideas that are past the proof-of-principle

Under the scheme, 3-i buys a minority stake in the idea for a payment averaging £25,000, in the form of seed money — not a loan, it stresses — that can be made available with minimal delay. We see this as a risk investment which could give us a head start by being close to the deal should it materialise." Four cheques

a need for large investment Cobarmaceuticala only);

· uncertainty about product

Asked how many years they would consider it reason wait for first profits from a bio-technology investment, all said they would be satisfied with profits inside four years. Some said their patience would extend to seven years. Only four self they were willing to wait more than technology investments - in seven years to realise their

Nearly all fund managers were interested in pharmaceuticals and bio-process equipment, followed by diagnostics and plant agriculture. Fewer were looking for opportunities in food and drink or environmental control

entures - and were interested in investing more.

In March, the Association for

the Advancement of British Bio-

capitalists towards investing in

biotechnology, which it had com-

missioned from Venture Link

British funds, with the aim of

establishing their level of enthu-

most likely to help a proposal succeed or fail with the banker. The 14 funds had all made bio-

total, more than £36m in British

Nearly all favoured pharmaceuticals and bio-process equip-ment as the sectors of greatest interest, followed by diagn and plant agriculture. Fewer were looking for opportunities in animal agriculture, food and

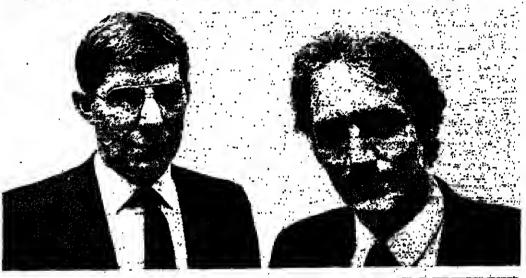
The most discouraging charac-teristic of the biotechnology pro-posals they received were identi-

 lack of commercial manage ment (although half of the fund managers thought this was equally prevalent in other sub-jects seeking venture capital);

The association's report code with a warning for would-be bioentrepreneurs. An over-riding theme in the responses of the fund managers is that although biotechnology offers many oppor-tunities for venture capital, they are often not presented in a

usable form. "Coaxing them into shape simply requires too much hard work. Competing invest-ment opportunities can be taken

Attitudes of UK venture capi-talists to biotechnology invest-ments. By Hilary Marsh. The Association for the Advancement of British Biotechnology, 1 Queen Anne's Gate, London SWIH 9BT.



Government support has switched from backing companies to co-funding projects

Good ideas can lead to collaboration

"We don't really need that much more science for industry for the rest of the century. We need to identify what is needed."

THAT ASSERTION, by a senior British government scientist, sums up the government's atti-tude towards biotechnology as a well-developed "enabling technology" in search of the best oppor-tunities for commercial develop-ment, preferably for an

international market. There are clear signs that the academic scientists who provided these powerful new industrial tools have now got the message that they must help industry use them. The Laboratory of Molecu-lar Biology in Cambridge is an example of a national laboratory with an international reputation for its science which nevertheless has plunged enthusiastically into the art of technology transfer

of support for biotechnology was out reneging on existing con-launched in November 1982, in tracts, the Biotechnology Unit of the wake of the Spinks report the Department of Trade and from the government's top tech-nical advisers. During the next liams, the Government Chemist,

ACADEMIA + INDUSTRY

Coleman, chief scientist and engineer at the Department of Trade and Industry, has called "a rich tapestry of transfer mechanisms," including the control of transfer mechanisms. nisms," including awards to company" scheme extended to biotechnology, and workshops for academic and industrial scientists designed to lead to joint

development programmes. It identified "chosen vessels" for industrial exploitation of government-funded bioscience: Cell-tech for human therapeutics, the Agricultural Genetics Company for food and agricultural opportu-nities, and Porton International with its special association with the Centre for Applied Microbiology and Research (CAMR) on

Porton Down. But the support for individual firms which has characterised much of the DT's becking for ee page 5). biotechnology is no longer per-Britain's national programme mitted under its new rules. With-

gramme set up two years ago, involving 11 collaborators from industry and academia.

A new one, announced under the Link scheme for funding research, is in eukaryotic (cellular) genetic engineering, which is proposed as a programme costing £4.6m over four years. The gov-ernment will put up 50 per cent. shared equally between the DTI and the Science and Engineering Research Council (SERC), and industrial collaborators the other 50 per cent. One project proposed involves Glaxo, British Bio-technology and Oxford University. Other collaborations of this

kind are being devised on bio-transformations (£4m proposed), and selective delivery of protein drugs (£3m). Both SERC and the Medical Research Council are involved in the latter. Several more collaborative programmes are planned under the Link initiative, including one on the use of genetically engineered

is focusing wholly on collaborative programmes. The prototype the support of the Ministry of carning the release of genetically a new programme, Mr Williams is the "genetic tool-kit" pro
Agriculture, Fisheries and Food.

Agriculture, Fisheries and Food. Agriculture, Fisheries and Food.
Mr Williams still uses the environment, whether delibers and full-time technical advisers seconded by industry, built up as a personal thinktank may help to convince European and the support of the says.

In Scotland, world-famous for the search companies to start manufacture in Scotland. Its special whisky and once the scene of another ambitious fermentation will give Scotland a complete special protein for animal spectrum of biotechnologies.

Mr Isin Shirlaw, head of the

> The overall rate of government support has been falling. But spending should now pick up again, as the Biotechnology Unit works up a new programme

Biotechnology Unit, regularly and other products.

Because single company supmercial expectations. The difference now is that collaborative schemes require so much more groundwork than individual investments. Good ideas for projects — not cash — are the limiting factor, he says.

Because single company supmercial expectations. The difference company support has lacance from Pharmacia to make Protein A. It is seeking US government approval for its £1m plant.

The Scottish Development Agency is energetic in promoting opportunities for biotechnology in Scotland, as an alternative to its declining heavy industries. It

for biotechnology by Dr Coleman governments which are cool when Government Chemist. This about testing new agricultural

ogy companies have appeared during the 1980s. They divide about equally between bio-prod-

new medical tests, aims to be employing 250 by 1932. Another company, Fermentech, is Swed-ish-owned, with a licence from

ing factor, he says.

tual property rights. Spending is also driven by what is perAn area that Mr Williams is should now pick up again, limkeen to see develop is research in ited only by the rate at which his and bio-skills to England, away

Mr Isin Shirlaw, head of the arout equally between bio-prod-ucts and bio-services.

The biggest company, Shield immunologicals, founded in 1982 by scientists with Dundee University Medical School to develop might be appropriate - to develop a prototype, or to do the market research needed to underpin a good business plan,

> The SDA will invest about £30.000 under this scheme pro-from an academic culture with what is claimed to be the highest per capita output of medical graduates of any country.

As an arm of government, the SDA enjoys the kind of autonomy known by the British Technology Group in London nowadays, It has outposts overseas, in the US vided it is matched by contributions from the entrepreneurs. For its investment the SDA wants an option on shares in the ensuing company should the venture go company shount the venume go ahead. It also offers to provide experienced executives to hold the hands of entrepreneurs tak-ing their first tentative steps.

Aillances can be arranged

ACCORDING TO Dr Roger Hood, of Peat Marwick McLintock. there has been an explosion in the birth rate of biotechnology companies.

His firm's management consul-tancy regularly receives requests and approaches from blotechnology companies seeking a parent with the necessary capital and management skills, and also from hig companies looking for biotechnology ventures. "Strategic alliances are now in vogue," he says.

They must be commercially attractive to both parties without destroying the R&D spirit of many embryo blotechnology companies. The last thing many biotechnologists want to do is to be swallowed by a conventional research and devel-opment directorate from which many of them escaped in the first place," says Dr Hood.

Peat Marwick has set up biotechnology groups in London and New York.

And what is the marriage broker's recipe for success? "In any successful alliance there must be a high degree of syn-ergy in terms of marketing, attitude, ambition and desire of both participants," says Dr

The skill of the consultants is to ensure this synergy exists and both parties are aware of it."

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Caterbillars being farmed by the Natural Environment Research Council's Institute of Virology in Oxford as a for Oxford Virology, a new blotechnology company

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Yet this describes British Bio-technology to a T. In the two years or so since the company set up shop,

it has grown ten-fold. So successful has it been that bio-pharmaceutical corporations the world over have been queuing up to do business.

BBL are, for instance, developing new treatments for

heart attacks and for arthritis with SmithKline Beckman. Working on cholesterol-lowering drugs with Johnson &

Investigating new ways to combat vascular disease in co-operation with Pfizer.

And developing new diagnostic tests together with Abbott Laboratories.

BBL has also brought Britain to the forefront in the race to find an AIDS vaccine. Working in close co-operation with British Universities and the Medical Research Council, the company is testing a revolutionary new approach.

And all this from the company which only last year was first in the world to market synthetic human genes which are helping other companies make innovative medicines of their own. Small wonder, then, that thirteen large British and American investor groups have been only too keen to have a

They realise that British Bio-technology is poised to join the top league of the world's bio-pharmaceutical businesses.

Which is not only good news for investment but good news for Britain. And, of course, for

stake in the company.

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British Bio-technology Limited Brook House, Watlington Road, Cowley, Oxford OX4 5LY. Telephone (0865) 718817 Contact: Dr. K. McCullagh, CEO.

The challenge of international recognition

More patent battles likely to limit the marketplace

they tell of the boisterous British an who rang from the house he had rented on the New England shore and invited them over to discuss a joint venture in

From the barbecue Mr Bill Castell organised emerged Welgen Manufacturing, a £20m joint ven-ture between Wellcome and Genetics Institute, a thrusting US hiotechnology research company with a cluster of novel drugs

nearing the market. The two partners announced their new biotechnology production plant would come on stream in 1989. It has been designed in Britain and combines Wellcome's

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sources need support.

with companies on: downstream proces immunodiagnostics

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BIOTECHNOLOGY

eight new products invented Few British pharmaceutical Management since 1981, and its location in the companies so far have been as rid last week world's biggest market for therakeen as Wellcome to forge part. More than

ket, Japan. Early last year Sumi-tomo Pharmaceuticals opened its once the fountainhead of that Sumiferon factory, based on Well-company's hig portfolio of his same bolds true of synthetic agro-chemicals and their interaccome interferon technology, technology targets.

But the leading British biotechions with ecosystems.

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ters, is said to be the world's big-gest deep cell culture plant making alpha-interferon mentation with its partner's mammalian cells. Wellcome impressive portfolio of et least receives a royalty on its sales.

Wellcome Biotechnology, has has created its own "autono-already secured a bridgehead to mous" biotechnology company

derived in turn from the company's traditional skills in vaccine development and manufacture.

The £20m Sumitomo facility,

The £20m Sumitomo facility,

The £20m Sumitomo facility,

The £20m Sumitomo facility, However, Shell International

ogy company in 1983.
International Bio-Synthetics

he two parent businesses. companies to pay for purer chem-Ibis's initial target is purer icals even though bio-synthesis tical industry. Dr Herman Koore chemical synthesis.
man, director of New Business In the longer to man, director of New Business
Development, told a meeting of opportunities for bio-synthesis in the European Industrial Research creating new high-purity chemi-

today is limited largely to special

diets for veal calves and piglets. "The economics do not look

destroy RCI's faith in biotechnology. The main board recognised it as an "enabling technology,"

underpinning some of its best

prospects for future growth, nota-bly in bio-pharmaceuticals and

agro-chemicals. As Dr Charles Reece, research and technology

director, says, over half the com-pany's £400m annual R&D budget

goes into biological R&D.

ICI has therefore created its

own mini-company to pursue bio-technology. Biological Products

is an antonomous company, smaller than some of the leading

biotechnology research firms. But Dr John Russell, the general manager, can boast some impras-

sive resources. He reports to no division, for Biological Products has its own advisory board of

Nevertheless, he has inherited such resources as the 50,000

senior ICI executives.

good," says an ICI executive.

nerships with the new biotech drugs used today contain a therapeutic drugs.

nerships with the new motecn drugs used today contain a there.

Mr Castell, chief executive of nology research companies. ICI peutic agent that is contaminated peutic agent that is contaminated. the world's second-biggest mar in house. Glaxo has acquired the Often the isomer can have aberket, Japan. Early last year Sumi-Geneva laboratories of Biogen, rant interactions with metabolic

> tions. The company is after a Research embarked on a joint share of the market for finished venture in research with Gist-brocades, the Dutch biotechnol \$90bn in total worldwide, with a growth last year of about 4 per cent. Although much of this has (his) is a 50-50 commercial venture, incorporating the industrial industry, a multi-billion business of Gist-brocades and Ward Blenkinsop, Shell's fine chemicals business. It operates "at arm's length" from persuade the pharmaceutical the two parants businesses.

tends to be more expensive than

cal complexes for the electronics industry, for example in liquid

crystal displays.

Patents are still a major area of uncertainty for the inventive biotechnology boutique. Genetics Institute and Amgen each has a US patent on erythropoietin (EPO) made by different methods, the first by purifying a natural source, the second by genetic engineering. The two boutiques have filed infringement suits against each other and the legal squabble could continue for a

couple of years. Another major patent battle would prefer to see disputes set-concerns tissue plasminogen acti-tled quietly and inexpensively

vator (t.PA). A British patent awarded to Genentech in 1986 was revoked last year, when chal-lenged by Wellcome on the grounds that its claims were too broad and threatened to hobble further research.

Genentech's appeal is expected to be heard this summer. The outcome could affect a score of companies working on t-PA.

A recent report from Eberstadt
Fleming in New York, reviewing problems facing hiotechnology, forecasts that patent battles will continue, even though investors

out of court.

With potential markets for from radioactive products into drugs like EPO and t-PA put at hundreds of millions of dollars, companies "appear willing to spend \$5-10m on legal battles in the hope of excluding others from the marketplace." The report concludes that uncertainty about the Amerikan dins to apply the outcome will continue to bose a tem, hased on bioluminescence.

risk to investors.

A leading US patent lawyer has for microbial toxins such as salendorsed this view. Addressing the recent Swiss Bank biotechnology conference in London, has a partner in trol pathogenic organisms in Pennie and Edmonds of New food. "We could float a nice busi-York, said his experience was need to be believed." York, said his experience was that companies believed the important thing was not whether bis for new business.

they were first, but what defences they could mount to their patent position. He argued ing would be done than today that the scale of the potential when it may take several days to profits encouraged a "winner culture the sample and produce a takes all" attitude and discour-result. The company is working on takes they will take only hours.

outcome will continue to pose a tem, based on biolumines risk to investors.

ness just on salmonella," says Dr John Maynard, director responsi-

aged cross-licensing agreements. on tests that will take only hours.

Primarily a healthcare com-pany these days, Amersham The company claims it could international, with a world man save the British food industry ket for research reagents and alone about 2100m a year by cut-medical diagnostics, has taken a ting the inventories of food being different path altogether. It has stored white awaiting the result been seeking a new product line of tests.



ICI research

That elusive cash flywheel

Sir Roger Bannister, Master of Pembroke, Oxford (right), receiving Pruteen dented but did not a cheque for £250,000 to support a college fellowship in neicrobiology from Frank Buckley, chairman and chief executive of BTP, the chemicals group

fonnes a year Pruteen fermenter, lions of pounds a year. the pilot fermenter of 1,000 tonnes a year capacity which pre-ceded the big one, and all the biotechnology R&D support.
They add up to a replacement
value of perhaps £60m, he says.
Dr Russell's latest acquisition

is a £2.5m multi-purpose fermen-tation plant designed by the com-pany and built by John Brown. It is based on a 20,000-litre fermenter. It draws heavily on the expe-tience of making the Pruteen fermenter run continuously under sterile conditions, Dr Russell

silage, having a sales potential away, which Dr Russell puts at some In

A third is a biodegradable plas-tic called polyhydroxy hutyric acid (PHB), made by force-feeding bacteria with sugar. PHB is a good example of how Biological Products plans to progress in biotechnology, through partnerships either with other companies or in-house with specific devisions.

No single application for PHB has emerged that yet justifies a fermenter of its own. But through a subsidiary, Marlborough Biopolymers, ICI has elicited commercial interest in a host of different medical, pharmaceu-Biological Products is earning upwards of £10m a year, partly from Pruteen sales, partly from a diversity of other hio-inventions now being made in "campaigns" on the new fermenter. They include an enzyme which accelerates the conversion of grass into silage, having a sales noteental

In 1983, a fortuitous meeting millions of pounds a year. between executives of ICI and Another is an enzyme which destroys cyanide safely, with potential sales put at tens of mil
nership for what, in the view of

Dr Reece, could yet prove to be the cash flywheel they failed to find in Pruteen.

known as Marlow Foods, ICI has scaled up the manufacture of an edible fungus called mycoprotein with which RHM had been exper imenting for nearly two decades. There were even suggestions at one stage that mycoprotein might be made in the big Prutsen

It took much longer than the biotechnologists expected for the two partners to scale up RHM's technology from the 50-tonne plant at its High Wycombe research centre, Here were two very different companies, one 10 times the size of the other, in quite different industrial sectors and bringing very different tech-nological and marketing experience to the project, says Dr Jack Edelman, chairman of Marlow Foods and former technical director of RHML

A tenuous hold on the market, through Sainsbury and its ploneering "savoury pie" - which has mycoprotein instead of meat had to be courted assiduously while the partners learned to make it in quantities that satis-

fied just this one customer. For the past 18 months, how-ever, Marlow Foods has been making it in the Pruteen pilot plant on Teesside, in continuous runs, at the rate of about 1,000 tonnes a year. It is made in rather like chamois leather. The sheets are flash-frozen and stored until ready to be processed into "bites" of the size, shape and tex-ture ordered by the food proces-

Today, the partners are confi-dent the big technical problems have been overcome, not least in the "downstream" processing of mycoprotein. Marlow Foods is selling about 150 tonnes a year, mainly to Sainsbury and British Homes Stores. But other poten-ically his consumers are expected. tially big consumers are expected to launch products soon. The customers seem to be people who like the taste and flavour of meat and other traditional sources of high-grade protein, but believe some mycoprotein could give them a healthier diet, Dr Rdelman savs.

The irony is that it has taken even longer than the pharmaceu-tical industry allows to bring a major new product to the market

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Biotechnology and the law

66 It is thought that the growth in the biotechnology sector in the USA will be as great as that experienced by the computer industry in recent decades. It has been estimated that biotechnology will account for 11 per cent of Japan's GNP by the year 2000. It is clear that biotechnology is increasingly important to a growing number of companies and is likely to become even more so.

As the impact of biotechnology and the biotechnology sector grow, so does the need for legal advice given with experience of the problems peculiar to biotechnology and with understanding of the technology.

An extract from Biotechnology and The Law, a copy of which may be obtained

Julian Thurston, Partner, McKenna & Co. Inveresk House, 1 Aldwych, London WC2R 0HF Telephone 01-836 2442

BIOTECHNOLOGY 5

tors brought a technical concept that Prof Pirt had often been told was "impossible" to the stage of a convincing demonstration of a new biotechnology. It is emerging as a modular technology which the company believes should scale up to what it sees as a com-mercial size of "aee-through" reactor.

tors' two demonstration systems is rated at about 100 square

metres of exposed surface. The company thinks of a commercial

THIS SPRING the word's biggest air lift fermenter for cultivating mammalian cells is being commissioned in Britain by Celltech.

missioned in Britain by Celitech, the Slough-based biotechnology company. The lofty 2,000-litre culture system has been designed and assembled by company engineers at a cost of film.

From a brew of 2,000 litres the fermenter will culture a few hundred grains of pure protein. Sold as the kernel of a new drug or medical diagnostic, such material can fetch up to 2500,000 per kilograin.

celltech's past experience of scaling up such activities suggests that the productivity of its latest fermenter will exceed that of the pair of 1,000-litre units it last installed. The new unit brings its cell culture capacity to a total of 4,900 litres.

So far, it says, cell culture has followed the laws of scale-up familiar for more conventional kinds of process engineering in

kinds of process engineering in terms of the economies it brings. They are already discussing the next stage, the fermenter for the early-1990s, of 5,000 or even 10,000 litres capacity, to stand alongside the latest Leviathan.

The technology has come a long way since Mr Gerard Fair-flough and his colleagues, while putting together the company which was to become Celltech, discovered its origins in the Laboratory of Majorales. Biology oratory of Molecular Biology (LBM) in Cambridge.

Early in Cambridge.
Early in 1960, they found Dr Ed
Lennox working there on ways of
scaling up some of his own monocloud antibodies, which were
capable of discriminating
between the different blood

groups.

These monoclonal antibodies promised to simplify the tricky diagnostic procedure of blood typing for doctors. But Dr Lennox knew that they would be usenot knew that they would be useful in medicine only if they could be cultured in substantial amounts — something no-one in 1980 knew how to do:

Mr Fairtlough, previously man-aging director of Shell Chemicals, recognised from the start the importance of process technology to his embryonic bio science com-pany. He woodd Mr John Burch from the LBM to work on the scale-up of Dr Lennox's anti-

By 1982 Celltech was making them for Ortho Diagnostics, the brand leaders in blood typing reagents. Celliech also supplies the UK Central Blood Laboratory

This provided the drive to get to the kilogram scale, says Mr. Fairtlough. The same process technology underpins most of Celltech's present and prospec-

A bio-reactor of a very different kind is under development by

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of lit

Spotlight on recent - and future - advances

New ways to get into blood



consultant, raised venture capital Simple analogue controls regu-from 3.i Ventures and others to late nutrient flow according to launch into pilot-scale manufacture that the organisms ture of high-value materials

derived from algae.

Photo Bioreactors, a new com-pany based at Sonning near ing, assembled into modules and Reading, which is scaling up the interconnected into a system that inventions of a team at King's continuously exposes algae to College, London, formerly led by smilight. The algae - rootless, Professor John Pirt. The com- single-cell plants - are pany, to which Prof Pirt is now a suspended in a matrient stream.

are absorbing from the sun

through the reactor wall.

An American technology expected to make an appearance in Britain this summer promis to have a dramatic impact on the speed with which genetic engi-neers can unravel the chemical structure of their DNA "targets."

cessing plants using the new technology.

Du Pont, the US chemicals group, has brought its chemical and angineering research together to invent a new high-speed system for sequencing DNA, called Genesis 2000.

According to its inventors, it is ten to 100 times faster than pres-ent sequencing methods, as well as more accurate. They believe it will open the way to routine use of sequencing in pathology and forensic testing, such as medical diagnoses and DNA fingerprint

eactor. The first system for Britain
The larger of Photo Bioreac will go to the Medical Research Council's new Molecular Genetics Unit in Cambridge, headed by Dr Sydney Brenner. Dr Brenner has been a consultant to Du Pont's central research and development laboratories on the science behind Genesis 2000.

company thinks of a commercial plant as about 10,000 sq metres.

However, executives believe such a plant could be built from modules of the size it is already demonstrating, for a cost of about £3m. They say it could be an attractive way of harnessing barren but sunlit land.

A micro-filter developed origi-Its concept originated with Mr Rudy Dam and Mr James Prober in Du Pont's engineering physics laboratory. But Dr George Trai-nor led the design and synthesis A micro-filter developed origi-nally for the nuclear industry in of the finorescent dyes used instead of the customary radioac-France, to separate isotopes of uranium, will find a role in a new tive labels for sequencing. Thes labels, and the "terminators" to which they are attached, are the

The chemistry underpinning the sequencer requires a 67-stage synthesis — the most compli-cated chemical product Du Pont has ever sold." It encouraged the

Antibody engineering

The therapeutic rat

of biotechnology, and simulta-neously disclosed what arrange-ments had already been made for its exploitation.

Tha LMB reported that a human antibody had been refashioned into a therapeutic drug by transplanting snippets of a rat therapeutic antibody into it. The idea is to transplant just enough of the rat antibody to impart the desired therapentic properties, but not so much that it produced

Dr Herman Waldmann in the department of pathology in Cam-bridge University disclosed that clinical trials on the parent rat

be the answer to several major medical problems, including can-

a toxic response in the patient. cer, heart disease and toxic The technique could overcome sbock, according to the Cam-

A NEW spirit of enthusiasm to see inventious adopted and lar biologists have hitherto experimentally to yield remark in the Medical nobeleprizewinning hybridoma Research Council's Laboratory of Molecular Biology (LMB) in Cambridge.

A new led by Dr Lutz Riechmore advanced another important advance in the science of hiotechnology, and simultance in the LMB and Dr Mike Clava in the LMB altered using aptibody engineering having great potential in some difficult areas of disease, and as a major step on the road to more rational design more specifically, and less subject to side-effects.

Celltech, the LMB'e closest altered using aptibody engineering having great potential in some difficult areas of disease, and as a major step on the road to more rational design more specifically, and less subject to side-effects.

already using antibody engineer-ing to develop treatments for cancer, toxic shock, cardio-vascular disease and Aids, using a patent

antibody had already begun.

The team bopes that the "humanised" antibody that they have made by antibody engineering will be available for limited trials later this year.

Custom-made antibodies could be the anguste to express and Alds, using a patent applied for by the LMB.

But according to Dr Gordon Koch, part-time industrial liaison officer for the laboratory, antibody engineering is too big an invention for any one company — and even for Britain — to try to exploit exclusively. Dr Koch says the Medical Research Counsays the Medical Research Conn-cil is prepared to give its licens-ees assurances that the council will defend any patent infringe-ment, should this arise. Mr Gerard Fairtlough, Cell-tech's chief executive, says be

believes his company has moved faster and further than any other in the world with the new tech-nology. But he himself thinks "bumanised" antibodies could have a much wider application in drug design than his small com-pany could hope to cope with. Several other companies are

already negotiating for licences, among them Unilever for cancer diagnosis and treatment, and Behringwerke, in West Germany, for the control of toxic shock syn-drome. Scotgen, a new Scottish

hiotechnology company, is inter-ested in the technology for tack-ling infectious diseases.

The MRC is also encouraging technology transfer from its Cam-bridge laboratory into industry. mainly through direct consulta-tions involving the scientists. It also plans to use a new facility at also plans to use a new facility at its research centre at Mill Hill, north London, called the MRC Collaborative Centre, to facilitate technology transfer by undertaking confidential contracts for industry.

All this is a far cry from the acrimony of the 1970s when it came to light that a US laboratory had applied for the first

tory had applied for the first patent relating to monoclonal antibodies. It transpired that the MRC had secured no protection of its rights to the discovery of the hybridoma technology. In contrast, the LMB today is an enthusiastic partner of the bio-technology industry at every

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